

CITY OF KOTZEBUE NOTICE

Regular City Council Meeting Agenda

June 05, 2025 at 5:15 PM

Kotzebue Youth Center - 815 Wanda Street

THE PUBLIC IS ENCOURAGED TO ATTEND.

For residents who want to participate telephonically call: **1-800-315-6338**; access code:
49401#

RESOLUTION 25-27 [INTRODUCTION]

ORDINANCE 25-03 [SECOND HEARING]

- I. Call to Order
- II. Roll Call
- III. Introduction of Staff & Guests
- IV. Invocation/Moment of Silence
- V. Pledge of Allegiance
- VI. Adoption of The Agenda
- VII. Adoption of Minutes
- VIII. Citizen Comments
- IX. Correspondence
- X. Unfinished Business
- XI. New Business

[a\)](#) May 15, 2025 RCCM Meeting Minutes

[a\)](#) **ORDINANCE 25-03 ENTITLED:** "A CODE ORDINANCE ADDING NEW SECTIONS TO THE KOTZEBUE MUNICIPAL CODE ("KMC") TITLE 13, CHAPTER 13.04, WATER AND SEWER UTILITY, A NEW SECTION 13.04.350, ENTITLED '*LIENS FOR PAST DUE UTILITY BILLINGS*' AND KOTZEBUE MUNICIPAL CODE ("KMC") CHAPTER 8.04, REFUSE COLLECTION, A NEW SECTION 8.04.310, ENTITLED '*LIENS FOR PAST DUE UTILITY BILLINGS*' AS SET FORTH HEREIN." **[SECOND HEARING]**

- b) RESOLUTION 25-23**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE SETTING REVISED / UPDATED / RECALCULATED WATER, SEWER AND GARBAGE RATES AS REQUIRED BY ORDINANCE 25-02, EFFECTIVE JUNE 1, 2025."
- c) RESOLUTION 25-26**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER WORKING WITH THE FINANCE DIRECTOR TO AUTHORIZE THE PARTICIPATION OF THE CITY OF KOTZEBUE IN THE ALASKA PUBLIC RISK ALLIANCE."
- d) RESOLUTION 25-27**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE ACCEPTING THE PLANNING COMMISSION RESOLUTION 25-07 AND DESIGNATING THE CITY-OWNED BUILDING AT 289 FIFTH AVENUE AS THE NEW LOCATION FOR THE "ARCTIC SPIRITS" PACKAGE STORE." **[INTRODUCTION]**
- e) RESOLUTION 25-28**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE ACCEPTING PLANNING COMMISSION RESOLUTION 25-08 AND APPROVING THE TIDELANDS USE PERMIT FOR COPPER RIVER SEAFOODS FOR THE 2025 COMMERCIAL FISHING SEASON".
- f) RESOLUTION 25-29**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER LEON KIANA OR HIS DESIGNEE FINANCE DIRECTOR MICHAEL LAUGHLIN AS AUTHORIZED SIGNERS ON ALL OF THE CITY'S ACCOUNTS WITH CETERA (TIME VALUE)."
- g) RESOLUTION 25-30**, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER LEON KIANA OR HIS DESIGNEE FINANCE DIRECTOR MICHAEL LAUGHLIN AS AUTHORIZED SIGNERS ON ALL OF THE CITY'S ACCOUNTS WITH KEY BANK."

h) Alaska Deferred Compensation Plan

XII. Council Members Comments

Seat A: Ernest Norton

Seat B: Derek Haviland-Lie

Seat C: Joshua Hadley

Seat D: Kathleen Sherman

Seat E: Ruth Moto

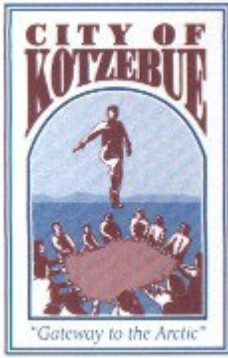
Seat F: Cory Jackson

Seat G: Johnson Greene

Youth Representative: vacant

XIII. Executive Session

XIV. Adjournment



CITY OF KOTZEBUE

258A Third Avenue, P.O. Box 46
Kotzebue, Alaska 99752
www.cityofkotzebue.gov

Phone: 907-442-3401
Fax: 907-442-3424

PUBLIC NOTICE

MAYOR HAVILAND-LIE

has scheduled the next

REGULAR CITY COUNCIL MEETING

for

THURSDAY, JUNE 5th, 2025 at 5:15PM

at the

KOTZEBUE YOUTH CENTER

815 WANDA STREET

THE PUBLIC IS ENCOURAGED TO ATTEND
FOR RESIDENTS WHO WANT TO PARTICIPATE TELEPHONICALLY CALL
1-800-315-6338 ACCESS CODE 49401#

Please contact the City Clerk's office if you have any questions:

Office: 907-442-5120
Mobile: 907-412-2489
cityclerk@kotzebue.org

Posted: MAY-30-2025
City Hall Bulletin Board
City of Kotzebue Website
City of Kotzebue Facebook Page
City of Kotzebue Attorney
City of Kotzebue Department Heads

Maniilaq Association (Ferguson Building) Bulletin Board
Alaska Commercial, Co. Bulletin Board
Post Office Bulletin Board

June 5th, 2025 Regular City Council Meeting



CITY OF KOTZEBUE

Regular City Council *Meeting Minutes*

May 15, 2025

Kotzebue Youth Center – 815 Wanda St

THE PUBLIC IS ENCOURAGED TO ATTEND.

For residents who want to participate telephonically call: **1-800-315-6338**; access code:
49401#

ORDINANCE 25-03 [FIRST HEARING]

I. Call to Order at 5:19pm

II. Roll Call

City Council Members present at time of roll call: Mayor Derek Haviland-Lie, Vice Mayor Kathleen Sherman, Members Ernest Norton, Joshua Hadley, Johnson Green, Ruth Moto, Cory Jackson, and Youth Representative Bristol Huffman.

Quorum Established

III. Introduction of Staff & Guests

Staff present at the time of roll call: City Manager Leon Kiana, City Clerk Donald Jones, Finance Director Mike Laughlin, PD Sgt. Meier, FD Lt. Neal Carlson, Public Works Director Russ Ferguson, Arctic Spirits Manager Jamie Lambert, Planning Director Sam Camp, Parks & Rec Director Ron Johnson, City Attorney Joe Evans, HR Administrator Rachel Belamour, and State Lobbyist Ben Mohr.

Guests present/telephonically at the time of roll call: State Representative Robyn Burke, Citizens John Rae, Aurora Sweeney, and Brittney Sweeney. FNBA Representatives Elaine Kroll, Sean Brown, Nili Sundown, Sherilee Keopuhiwa, and Diana Wessels.

IV. Pledge of Allegiance

All stood for Pledge of Allegiance

V. Invocation/Moment of Silence

Vice Mayor Kathleen Sherman gave invocation

VI. Adoption of The Agenda

Agenda Amended by Mayor Haviland-Lie

- State Representative Burke updates added to Citizens Comments
- KMHS Student Council Presentation added to Correspondence

Council Member Norton made a motion to approve the agenda as amended, seconded by Council Member Hadley.

Motion passed unanimously.

VII. Adoption of Minutes

- April 03, 2025 RCCM Meeting Minutes
- April 17, 2025 RCCM Meeting Minutes

Council Member Norton made a motion to approve April 03, 2025 and April 17, 2025 meeting minutes as a block, seconded by Vice Mayor Sherman.

Motion passed unanimously.

VIII. Citizen Comments

State Representative - District 40 - Robyn Burke updated and addressed the City Council on State of Alaska legislative affairs.

The following legal proceeding regarding Citizen Comments, all comments can be found on recording at the City Hall.

IX. Correspondence

- KMHS Student Council Presentation
- Letter of Continued Interest for LRA Board - C. Nordlum

Council Member Norton made a motion to approve, seconded by Council Member Greene.

Motion passed unanimously.

- Donation Request - Qatnut Trade Fair

City Council approved \$1000.00 monetary donation to Qatnut Trade Fair.

- Letter of Support for Maniilaq Association Application for the Community Health Centers Senior Access Program

- Donation Request – Ducks Unlimited Summer Camp

City Council approved in-kind donation use of the Kotzebue Youth Center for the 3-day summer camp.

- Drake Construction, INC. Public Rights-of-Way Haul Route

The following legal proceeding regarding Correspondence, all comments can be found on recording at the City Hall.

X. Unfinished Business

No unfinished business.

XI. New Business

a) Manager's Reports

- 1. City Manager
- 2. Holland and Hart
- 3. The Mulder Company
- 4. Joe Evans City Attorney
- 5. Finance Director (need to vote to accept & approve)

Council Member Norton made a motion, and Vice Mayor Sherman seconded to accept and approve Finance Report.

Roll Call Vote

Ernest Norton	YES	Derek Haviland-Lie	YES
Joshua Hadley	<i>absent</i>	Kathleen Sherman	YES
Ruth Moto	<i>absent</i>	Cory Jackson	YES
Johnson Greene	YES		

Motion Passed.

- 6. Public Works (need to vote to accept & approve)

Council Member Norton made a motion, and Council Member Jackson seconded to accept and approve Public Works Report.

Roll Call Vote

Ernest Norton	YES	Derek Haviland-Lie	YES
Joshua Hadley	YES	Kathleen Sherman	YES
Ruth Moto	<i>absent</i>	Cory Jackson	YES
Johnson Greene	YES		

Motion Passed.

~~i. Public Works Water~~

- 7. Police Department
- 8. Fire Department

- 9. Parks & Recreation
- 10. Package Store
- 11. Public Relations/Human Resources
- 12. Planning Department

The following legal proceeding regarding Manager’s Reports, all comments can be found on recording at the City Hall.

b) ORDINANCE 25-03 ENTITLED: "A CODE ORDINANCE ADDING NEW SECTIONS TO THE KOTZEBUE MUNICIPAL CODE (“KMC”) TITLE 13, CHAPTER 13.04, WATER AND SEWER UTILITY, A NEW SECTION 13.04.350, ENTITLED ‘*LIENS FOR PAST DUE UTILITY BILLINGS*’ AND KOTZEBUE MUNICIPAL CODE (“KMC”) CHAPTER 8.04, REFUSE COLLECTION, A NEW SECTION 8.04.310, ENTITLED ‘*LIENS FOR PAST DUE UTILITY BILLINGS*’ AS SET FORTH HEREIN.” **[FIRST HEARING]**

c) RESOLUTION 25-22, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER WORKING WITH THE FINANCE DIRECTOR TO ESTABLISH A CITY OF KOTZEBUE BANKING RELATIONSHIP WITH FIRST NATIONAL BANK OF ALASKA (“FNBA”)."

Roll Call Vote			
Ernest Norton	YES	Derek Haviland-Lie	YES
Joshua Hadley	YES	Kathleen Sherman	YES
Ruth Moto	<i>absent</i>	Cory Jackson	YES
Johnson Greene	YES		

Motion Passed.

d) RESOLUTION 25-23, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE SETTING REVISED / UPDATED / RECALCULATED WATER, SEWER AND GARBAGE RATES AS REQUIRED BY ORDINANCE 25-02, EFFECTIVE JUNE 1, 2025."

Scheduled second public hearing for June 5, 2025

e) RESOLUTION 25-24, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE ACCEPTING AND APPROVING AN AWARD TO SHORELINE PETROLEUM AS PER ITS RESPONSE TO ITB 25--12 IN THE AMOUNT OF ONE HUNDRED AND FIVE THOUSAND, ONE HUNDRED AND SEVENTY-SEVEN DOLLARS AND ONE CENTS (\$105,177.01) FOR SHOP OILS AND FLUIDS AND

URES CO CONSTRUCTION MATERIALS IN RESPONSE TO ITB 25-04 IN THE AMOUNT OF FIFTY-TWO THOUSAND AND EIGHT HUNDRED DOLLARS AND NO CENTS (\$52,800.00) FOR CITRIC ACID."

Roll Call Vote

Ernest Norton	YES	Derek Haviland-Lie	YES
Joshua Hadley	YES	Kathleen Sherman	YES
Ruth Moto	<i>absent</i>	Cory Jackson	YES
Johnson Greene	YES		

Motion Passed.

f) RESOLUTION 25-25, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE ESTABLISHING JUNE 9 THROUGH JUNE 21, 2025 AS "JUNE NELSON SPRING CLEAN UP AND BEAUTIFICATION WEEKS" AND AUTHORIZING WAIVER OF THE BALER BUILDING FEES FOR CLEAN UP WEEK PARTICIPANTS."

Roll Call Vote

Ernest Norton	YES	Derek Haviland-Lie	YES
Joshua Hadley	YES	Kathleen Sherman	YES
Ruth Moto	<i>absent</i>	Cory Jackson	YES
Johnson Greene	YES		

Motion Passed.

g) DOWL - Kotzebue Utility Rate Study

Postponed for Supplemental Information from Finance Director

The following legal proceeding regarding New Business, all comments can be found on recording at the City Hall.

XII. Council Members Comments

Seat A: Ernest Norton

Seat B: Derek Haviland-Lie

Seat C: Joshua Hadley

Seat D: Kathleen Sherman

Seat E: Ruth A. Moto

Seat F: Cory Jackson

Seat G: Johnson Greene

Youth Representative: Bristol Huffman

The following legal proceeding regarding Council Members Comments, all comments can be found on recording at the City Hall.

XIII. Executive Session

Council Member Hadley made a motion, seconded by Council Member Norton.

Motion passed unanimously.

The Council Members went into Executive Session at 10:06pm.

The regular city council meeting reconvened in open session at 11:10pm.

Mayor Haviland-Lie reported that no votes were taken in Executive Session and direction was given to City Administration.

XIV. Adjournment

Council Member Norton made a motion, seconded by Council Member Jackson to adjourn.

Motion passed unanimously.

Meeting Adjourned at 11:12pm.

Accepted by:

Derek Haviland-Lie Mayor

[SEAL]

Respectfully Submitted by:

Donald Jones City Clerk



**CITY OF KOTZEBUE, ALASKA
ORDINANCE NO. 25-03**

ENTITLED: “A CODE ORDINANCE ADDING NEW SECTIONS TO THE KOTZEBUE MUNICIPAL CODE (“KMC”) TITLE 13, CHAPTER 13.04, WATER AND SEWER UTILITY, A NEW SECTION 13.04.350, ENTITLED ‘LIENS FOR PAST DUE UTILITY BILLINGS’ AND KOTZEBUE MUNICIPAL CODE (“KMC”) CHAPTER 8.04, REFUSE COLLECTION, A NEW SECTION 8.04.310, ENTITLED ‘LIENS FOR PAST DUE UTILITY BILLINGS’ AS SET FORTH HEREIN.”

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF KOTZEBUE, ALASKA:

Section 1. This is a Code Ordinance pursuant to KMC 1.12.010 and KMC 1.12.040.

Section 2. The Alaska Legislature has amended Alaska Statute 29.35.010(17) to provide for utility liens by municipalities, to wit in pertinent part: *“General Powers, All municipalities have the following general powers, subject to other provisions of law...to provide by ordinance for the creation, recording, and notice of lien on real or personal property to secure payment of past due utility fees...”*

Section 3. The collection of past due utility billings is a priority for the City of Kotzebue and is appropriate and necessary for those utility ratepayers who stay current on their obligations.

Section 4. The new section **KMC 13.04.350, Liens for Past Due Utility Billings**, enacted by this Ordinance 25-03 shall be entitled and reads as follows:

*13.04.350 – Liens for past due utility billings.
Pursuant to Alaska Statute 29.35.010(17) and any subsequent amendments thereto or any successor statute(s) related thereto, the City of Kotzebue hereby creates a lien for past due utility billings on real or personal property to secure payment of past due utility fees which may be recorded after notice of such has been duly given.
(Ord. 25-03 § 4, 2025).*

Section 5. The new section KMC 8.04.310, **Liens for Past Due Utility Billings**, enacted by this Ordinance 25-__ shall be entitled and reads as follows:

*8.04.310 – Liens for past due utility billings.
Pursuant to Alaska Statute 29.35.010(17) and any subsequent amendments thereto or any successor statute(s) related thereto, the City of Kotzebue hereby creates a lien for past due utility billings on real or personal property to secure payment of past due utility fees which may be recorded after notice of such has been duly given.
(Ord. 25-03 § 5, 2025).*

Section 6. These new sections KMC 13.04.350 and 8.04.310 shall become effective immediately upon passage of this Ordinance 25-03 pursuant to 1.12.030(B).

ENACTED this 5th day of June 2025.

CITY OF KOTZEBUE

Derek Haviland-Lie Mayor

[SEAL]

ATTEST:

Lorraine Hunnicutt Acting City Clerk

ATTESTATION: I, Lorraine Hunnicutt, Acting City Clerk of Kotzebue, hereby attest that the above Code Ordinance, No. 25-03 was duly presented to the Kotzebue City Council, duly published and that a valid public hearing was held and that it was duly enacted on June 5, 2025.

Introduction: April 17, 2025
Published/Posted: April 11, 2025
Republished/Reposted: May 9, 2025
1st Public Hearing: May 15, 2025
Republished/Reposted: May 30, 2025
2nd Public Hearing: June 5, 2025
Passage: June 5, 2025



**CITY OF KOTZEBUE
RESOLUTION NO. 25-23**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE SETTING REVISED / UPDATED / RECALCULATED WATER, SEWER AND GARBAGE RATES AS REQUIRED BY ORDINANCE 25-02, EFFECTIVE JUNE 1, 2025.

WHEREAS, Ordinance 25-02, passed and approved on April 3, 2025, a copy of which is attached hereto as Exhibit “A” and incorporated by reference herein, required the water, sewer and garbage rates assumed in that Ordinance to be revised / updated / recalculated;

WHEREAS, these revisions, updates and recalculations are required, *inter alia*, to correct errors in earlier rates for water, sewer and garbage services and to take into account the Northwest Arctic Borough Community Utility Assistance Program monies received for this year;

WHEREAS, these revisions, updates and recalculations are necessary to implement in part the rate study recommendations; and,

WHEREAS, these revisions, updates and recalculations are also necessary to keep the City-provided utility services financially viable and eligible for grant and assistance for state and federal agencies. .

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue revises / updates / recalculates the City-provided water, sewer and garbage rates as set forth in Exhibit “B” attached hereto, effective June 1, 2025.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 5th day of June 2025.

CITY OF KOTZEBUE

Derek Haviland-Lie Mayor

[SEAL]

ATTEST:

Lorraine Hunnicutt Acting City Clerk

Attachments: Exhibit A, Ordinance 25-02 [2 pages]
Exhibit B, Water, Sewer and Garbage Rates, effective June 1, 2025 [5 pages]
Supplemental Information for Resolution 25-23 Utility Rate Options [2 pages]



CITY OF KOTZEBUE, ALASKA
ORDINANCE NO. 25-02

[See, annotation at the bottom of Page 2 of 2]

ENTITLED: "A NON-CODE ORDINANCE RESCINDING AND REPLACING ORDINANCE 24-07 AND IN ITS STEAD ADOPTING THIS BUDGET FOR THE CITY OF KOTZEBUE, ALASKA *NUNC PRO TUNC* FOR THE CALENDAR YEAR ("CY") JANUARY 1, 2025 TO ENDING DECEMBER 31, 2025."

BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF KOTZEBUE, ALASKA:

- Section 1.** This is a Non-Code Ordinance pursuant to the Kotzebue Municipal Code ("KMC") sections 1.12.020(4), 3.04.060 and 3.04.070.
- Section 2.** The City Council was unable to hold its usual two-day Budget Retreat in Kotzebue in October due to exigent circumstances. Therefore, a CY2025 Budget was adopted by Ordinance 24-07, passed December 5, 2024, which was a place-holder budget based upon and mimicking the City's CY2024 Budget until the City Council was able to hold a Budget Retreat on January 6 and 7, 2025.
- Section 3.** As a result of that Budget Retreat and with the diligent, hard work of the City's Finance Director and Finance Department, a full, complete budget for CY2025 as set forth in Exhibit "A" attached hereto and incorporated by reference herein was prepared for the period January 1, 2025 to December 31, 2025.
- Section 4.** Therefore, the place-holder budget passed by Ordinance 24-07, dated December 5, 2024, is hereby rescinded and replaced in whole with Exhibit "A" which shall *nunc pro tunc* serve as the City of Kotzebue's Budget for CY2025.

Section 5. Pursuant to the Kotzebue Municipal Code, Section 1.12.030(B), this Ordinance 25-02 shall be effective *nunc pro tunc* January 1, 2025 and serve as the City’s Budget for CY2025 unless and until duly amended following the appropriate provisions of the Kotzebue Municipal Code.

ENACTED this 3rd day of April, 2025.

CITY OF KOTZEBUE


Derek Haviland-Lie, Mayor



ATTEST:


Lorraine Hunnicutt, Acting City Clerk

ATTESTATION: I, Lorraine Hunnicutt, Acting City Clerk for the City of Kotzebue, hereby attest that the above Ordinance No. 25-02, was duly presented to the Kotzebue City Council, duly published and that a valid public hearing was held and that it was duly enacted on April 3, 2025.

Initially Published/Posted: February 28, 2025
Introduction: March 20, 2025
Republished/Reposted: March 28, 2025
First Public Hearing: April 3, 2025
Passage: April 3, 2025

[Note: the Water/Sewer/Garbage rates assumed for this CY2025 Budget need to be revised/updated/recalculated which will be done at the RCCMs in May/June 2025.]

Attachment: Exhibit "A" -- CY2025 Budget [32 pages]
Exhibit "B" -- CY2025 Approved Fee Schedule [5 pages]

Administration			
ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Business License	January – December	55.00	
Business License Reprint	January – December	15.00	
Late Filing Fee	After January 1st	30.00	Monthly
Failure to Display	January – December	30.00	
Special Event License	January – December	30.00	Each Event
Chauffeur Permit	January 1-December 31		
Operator Only		55.00	Fee Per Permittee
Taxicab/Food Delivery Permit	January 1- December 31	110.00	Per Vehicle (Required: Operator Information and Proof of Insurance)
Sales Tax Rate		6.0%	
Tobacco License Fee	January 1-December 31	535.00	
Marijuana License Fee	January 1-December 31	535.00	
Copy and/or Fax	Per Page	0.30	
Map	Each	35.00	
Notary	Each	10.00	
Non-Sufficient Funds (NSF)	Each	5.00	
Pin	Each	5.00	
Public Information			
Audio Recordings	Each	20.00	
Copies of Documents	Per Page	0.30	
Copies of Drawings	20.00 Admin Fee	Actual Cost	Actual Cost of Copy
Research/copying costs	20.00 Admin Fee	Actual Cost	Above five (5) hours
Package Store			
ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Non-Residential Permit	180 Days	50.00	
	90 Days	40.00	
	30 Days	30.00	
	10 Days	20.00	
Resident Permit New	One Year	60.00	New Applicants Only
Resident Permit Renewal	One Year	35.00	
Pick up Fee	Each	40.00	
Parks & Recreation – Fees			
ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Youth Center Facility Rental	1 Hour	55.00	Setup during Valid Period
	2 Hours	110.00	Setup during Valid Period
	4 Hours	215.00	Setup during Valid Period
	8 Hours	430.00	Setup during Valid Period
Facility Deposit	Each	100.00	Refundable Upon Completion of Clean-up
Tables Rentals	Up to 20	30.00	Per day
Tables Rentals	21 or More	55.00	Per day
Chairs Rentals	Up to 50	30.00	Per day
Chairs Rentals	51 or More	55.00	Per day
Bouncy House Rental	Per day	20.00	Per day
Armory Workout		5.00	Per Day
Armory Punch Card	10 Visits	40.00	
Armory Punch Card	21 Visits	80.00	
Ski Rentals	Per day	5.00	
Ski Equipment Deposit	Per day	10.00	Refundable Upon Return
Ice Skate Rentals	Per day	5.00	
Ice Skate Deposit	Per day	10.00	Refundable Upon Return
Winter Rental Punch Card	10 Rentals	25.00	Per Winter Season
Kayak Rentals Hourly	Per Hour	5.00	
Kayak Rentals 1/2 Day	6 Hours	15.00	
Kayak Rentals Full Day	12 Hours	25.00	
Kayak Rentals Weekend	48 Hours	45.00	2 Consecutive Days
Camping Fees	Season	110.00	
Camping Fees Elders	Season	55.00	

ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Public Works – Equipment & Snow Removal			
UNIT	VALID PERIOD	CY 25	COMMENTS
Vehicle Impound Fee (Tow to Impound)	Per Hour	235.00	
2001 Caterpillar 163-H Grader	Per Hour	240.00	
1989 Hitachi EX150 Excavator	Per Hour	240.00	
2010 Hitachi EX225 Excavator	Per Hour	275.00	
1993 Ingersoll-Rand Genset 185	Per Hour	110.00	
1993 Ingersoll-Rand Compressor	Per Hour	110.00	
1983 Bomaq Roller (Compactor)	Per Hour	110.00	
Miller Welder	Per Hour	80.00	
2004 Trailer craft Hopper Spreader	Per Hour	80.00	
Tow Master Low Boy	Per Hour	215.00	
2008 Komatsu D-65EX-15EO Dozer	Per Hour	295.00	
2010 International Dump Truck	Per Hour	150.00	
2010 International Dump Truck	Per Hour	150.00	
2020 International Water Delivery Truck	Per Hour	110.00	
2016 Mack Water Truck	Per Hour	110.00	
2022 International Hydro Vac	Per Hour	270.00	
2002 Sterling Hydro Jet	Per Hour	215.00	
1993 Ford (red) Garbage Truck	Per Hour	160.00	
1995 Ford (white) Garbage Truck	Per Hour	160.00	
2000 International Flatbed	Per Hour	135.00	
2001 Volvo L150 Loader	Per Hour	375.00	
XXXX Volvo L110 Loader	Per Hour	250.00	
Video Camera	Per Hour	75.00	
Concrete Saw	Per Hour	80.00	
Jackhammer	Per Hour	65.00	
2017 Genie Telehandler	Per Hour	215.00	
2017 Komatsu Forklift	Per Hour	215.00	
Water Pumping	Per Day	200.00	
City Operator + Equipment	Actual Cost Per Hour + Cost Per Hour for Equipment + 100.00 Admin Fee	500.00	Actual Cost Per Hour + Cost Per Hour for Equipment + 100.00 Admin Fee
Public Works – Solid Waste			
ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Building Maintenance Labor	Per Hour	160.00	
Equipment Operator	Per Hour	160.00	
Mechanic Shop	Per Hour	160.00	
A & B Foam	Gallon	65.00	
Pipe Repair Band	Each	160.00	
Parts and Materials	50.00 Admin Fee	Actual Cost	50.00 Admin Fee
Refuse Service COMMERCIAL			
Bailer Drop off Commercial	Cubic Yard	20.00	
Landfill Drop-Off Commercial	Cubic Yard	15.00	
Improperly Positioned Containers Commercial	Each	35.00	
Improper Disposal Hazardous Waste Commercial	100.00 Admin Fee	Cost of Remediation	100.00 Admin Fee
Refuse Service RESIDENTIAL			
Container Purchase	Each	300.00	
Bailer Drop off Residential	Late/Blocked/Missed	10.00	Late/Blocked/Missed
Landfill Drop-Off Residential		10.00	
Non-Conforming Container Residential	Each Offense	15.00	
Improperly Positioned Containers	Each	15.00	
Garbage not Contained Properly	Each	15.00	
Improper Disposal Hazardous Waste	100.00 Admin Fee	Cost of Remediation	
Vehicle Disposal	Each	500.00	
Freon Removal Residential Only	Each	30.00	Added City Tax as a service
Construction & Demolition Waste	Cubic Yard	25.00	

ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Public Works – Water Wastewater			
ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Water Wastewater COMMERCIAL			
Honey Bucket Flat Rate		60.00	
Honey Bucket Senior Rate		30.00	
Other Charges			
Water Delivery	Per Trip	70.00	
Water Sales	Per Gallon	0.08	
Videotaping	Per Hour	160.00	
Hydro flushing Residential	Per Hour	215.00	
Hydro flushing Senior	Per Hour	107.50	
Hydro flushing Commercial	Per Hour	320.00	
Vacuum Septic Tank Commercial	Per Hour	265.00	
Mustang (Jetting)	Per Hour	250.00	
Porta Potty Rental	Plus per vaccum	160.00	Per Rental
Porta Potty Rental	Daily	20.00	Per Rental
Porta Potty Rental	Weekly	75.00	Per Rental
Porta Potty Rental	Monthly	300.00	Per Rental
Sewer Line Labor	Per Hour/1 Hour Minimum	135.00	1 Hour Minimum
Equipment Operator	Per Hour/1 Hour Minimum	135.00	1 Hour Minimum
Honey Bucket Clean-Up	Per Hour/1 Hour Minimum	250.00	1 Hour Minimum
Improper Container	Per Container	15.00	
Open Container	Per Container	10.00	
Water/Sewer Hook-up/Disconnect/Re- connect Fees			
New Connection Water	Each Occurrence	535.00	
New Connection Sewer	Each Occurrence	535.00	
Year Round with Arctic Box	Per Unit	110.00	
Residential Units (In gravel)	Per Unit	535.00	June 1- September 30
Residential (in pavement)	Per Unit	600.00	June 1- September 30 Plus Cost of Cold Patch
Commercial Including Multi-Unit Dwellings	Per Unit	645.00	June 1- September 30 Plus Cost of Cold Patch
Residential	Per Unit	430.00	October 1-May 31 Plus Cost of Cold Patch
Commercial Including Multi-Unit Dwellings	Per Unit	430.00	October 1-May 31 Plus Cost of Material + Labor
Residential A single dwelling or multi-unit up to a 5 plex Commercial Multi-unit Dwellings Multi-unit dwellings of a 6 Plex or more Commercial Any building or land intended to generate a profit either from capital gain or rental income			

ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Planning			
ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Building Permit			
Application Fee	Each Occurrence	10.00	
\$0-\$100,000	Each Occurrence	0.015	X Price of Valuation
\$100,001-\$500,000	Each Occurrence	0.010	X Price of Valuation
\$500,001-\$1,000,000	Each Occurrence	0.008	X Price of Valuation
\$1,000,001-\$10,000,000	Each Occurrence	0.006	X Price of Valuation
Application Permit Late Fees	Per Day	15.00	
Flood Hazard Permit	Each Occurrence	30.00	
Moving Permit	Each Occurrence	55.00	\$500 Refundable Deposit
Permit to Excavate/Locate	Each Occurrence	55.00	
Application Fee		15.00	
Excavation Deposit		Bond for Contract Value plus 15%	Deposit returned upon Satisfactory Completion
Variance Application Regular Meeting	Per Application	200.00	Non-Refundable
Variance Application Special Meeting		300.00	
Major Subdivision Preliminary Plat		250.00	
Major Subdivision Final Plat		100.00	
Minor Subdivision Preliminary Plat		150.00	
Minor Subdivision Final Plat		100.00	
Alteration or Replat, including Vacation of Right-of-Way		150.00	
Minor Lot Consolidation and Exempted Replats		150.00	
Abbreviated Plats and Waivers		150.00	
Vacations of Property		200.00	
Special Use Permit Application Fee	Per Application	270.00	
Tideland Permit Application Fee	Per Application	320.00	
Tideland Fee	Per Use	1,605.00	
Connex Storage Fee	Per Connex/Per Month	500.00	
Fines			
Encroachment	Each	160.50	First Offense
Encroachment	Each	321.00	Second Offense
Encroachment	Each	481.50	Third Offense
ROW Infraction	Each	160.50	First Offense
ROW Infraction	Each	321.00	Second Offense
ROW Infraction	Each	160.50	Third Offense
Litter Violation	Each Offense	320.00	Plus cost of abatement
Hazardous/loathsome Materials	Each Offense	320.00	Plus cost of abatement

ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Police			
ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Fingerprints	Each Occurrence	50.00	
Police Reports	Each Copy	30.00	
Police Report Pictures	Each Copy	30.00	
Serve Court Summons/Serve Civil Papers	Each Occurrence	75.00	
Animal Control Fees			
Unattended Animals 1st Offense		100.00	
Unattended Animals 2nd Offense		150.00	
Unattended Animals 3rd Offense		200.00	
Annual Dog License	Per Animal	10.00	
Lifetime Dog License	Per Animal	110.00	
Pick up Fee (First Time)		55.00	
Pick up Fee (Additional)		15.00	
Impound Fee 1st Offense		110.00	
Impound Fee 2nd Offense		160.00	
Impound Fee 3rd Offense		210.00	
Kennel Fee	Per Day (maximum 3 days)	30.00	
Euthanasia and Disposal Fee	Per Animal	50.00	
Public Intoxication 1st Offense		250.00	
Public Intoxication 2nd Offense		325.00	
Public Intoxication 3rd Offense	3 rd Offense and every offense after	535.00	
False Alarms			
First False Alarm	Per Business/Resident/Year	0.00	
Second False Alarm	Per Business/Resident/Year	200.00	
Third False Alarm	Per Business/Resident/Year	300.00	
Each False Alarm in Excess of Three	Per Business/Resident/Year	500.00	
Parking Fines	Per Violation	30.00	
Discharge Weapon in City limits	Per Violation	110.00	
Snow machine/ATV Minor Cited Violation Fines			
First Offense	Per Violation	30.00	
Second Offense	Per Violation	60.00	
Third Offense	Per Violation	85.00	
Each Offense in Excess of Three	Per Violation	110.00	
Fire			
ACTIVITY	VALID PERIOD	CY 25	COMMENTS
Ambulance		25.00	
Basic Life Support	Each Occurrence	1,375.00	
Advanced Life Support I	Each Occurrence	1,705.00	
Advanced Life Support II	Each Occurrence	1,925.00	
False Alarms			
First False Alarm	Per Business/Resident/Year	100.00	
Second False Alarm	Per Business/Resident/Year	200.00	
Third False Alarm	Per Business/Resident/Year	300.00	
Fourth False Alarm	Per Business/Resident/Year	400.00	
More Than 4 Responses to the same address	Per Occurrence	535.00	
Human Remains Transport		500.00	

For the Baler

	Number of Users	Pct	Baler	Per Unit	Baler Surcharge 36 mo.
Regular	501	60.58%	363,482.47	725.51	20.15
Senior	156	18.86%	113,180.17	725.51	10.00
Commerical	170	20.56%	123,337.36	725.51	20.15
Total	827	100.00%	600,000.00	725.51	

Option 1-Same now -Same in 26

Service	2024 Regular Rates	Pct Increase	2025 Regular Rates	Baler Surcharge	Total	2025 Regular Rates	Pct Increase	2026 Regular Rates	Baler Surcharge	Total
Water	105.21	10.00%	115.73	-	115.73	115.73	10.00%	127.30	-	127.30
Sewer	57.18	15.00%	65.76	-	65.76	65.76	15.00%	75.62	-	75.62
Garbage	52.27	20.00%	62.72	20.15	82.87	82.87	20.00%	99.45	20.15	119.60
Sub-Total	214.66		244.21	20.15	264.36	264.36		302.37	20.15	322.52
Sales Tax	12.88		14.65		15.86	15.86		18.14		19.35
Total	227.54		258.86	20.15	280.22	280.22		320.52	20.15	341.87

Senior Rates

Service	2024 Regular Rates	Pct Increase	2025 Regular Rates	Baler Surcharge	Total	2025 Regular Rates	Pct Increase	2026 Regular Rates	Baler Surcharge	Total
Water	42.08	10.00%	46.29	-	46.29	46.29	10.00%	50.92	-	50.92
Sewer	24.76	15.00%	28.47	-	28.47	28.47	15.00%	32.75	-	32.75
Garbage	26.14	20.00%	31.37	10.00	41.37	41.37	20.00%	49.64	10.00	59.64
Sub-Total	92.98		106.13	10.00	116.13	116.13		133.30	10.00	143.30
Sales Tax	-		-		-	-		-		-
Total	92.98		106.13	10.00	116.13	116.13		133.30	10.00	143.30

Commerical Rates -3 yd Dumpster

Service	2024 Regular Rates	Pct Increase	2025 Regular Rates	Baler Surcharge	Total	2025 Regular Rates	Pct Increase	2026 Regular Rates	Baler Surcharge	Total
Water	107.02	10.00%	117.72	-	117.72	117.72	10.00%	129.49	-	129.49
Sewer	57.18	15.00%	65.76	-	65.76	65.76	15.00%	75.62	-	75.62
Garbage pu	28.43	20.00%	34.12	-	34.12	34.12	20.00%	40.94	-	40.94
Dumpster	1,885.00	20.00%	2,262.00	20.15	2,282.15	2,282.15	20.00%	2,738.58	20.15	2,758.73
Sub-Total	2,077.63		2,479.60	20.15	2,499.75	2,499.75		2,984.63	20.15	3,004.78
Sales Tax	124.66		148.78		149.98	149.98		179.08		180.29
Total	2,202.29		2,628.37	20.15	2,649.73	2,649.73		3,163.71	20.15	3,185.07

Commerical Rates -6 yd Dumpster

Service	2024 Regular Rates	Pct Increase	2025 Regular Rates	Baler Surcharge	Total	2025 Regular Rates	Pct Increase	2026 Regular Rates	Baler Surcharge	Total
Water	107.02	10.00%	117.72	-	117.72	117.72	10.00%	129.49	-	129.49
Sewer	57.18	15.00%	65.76	-	65.76	65.76	15.00%	75.62	-	75.62
Garbage pu	28.43	20.00%	34.12	-	34.12	34.12	20.00%	40.94	-	40.94
Dumpster	2,494.00	20.00%	2,992.80	20.15	3,012.95	3,012.95	20.00%	3,615.54	20.15	3,635.69
Sub-Total	2,686.63		3,210.40	20.15	3,230.55	3,230.55		3,861.59	20.15	3,881.74
Sales Tax	161.20		192.62		193.83	193.83		231.70		232.90
Total	2,847.83		3,403.02	20.15	3,424.38	3,424.38		4,093.29	20.15	4,114.65

Commerical Rates -8 yd Dumpster

Service	2024 Regular Rates	Pct Increase	2025 Regular Rates	Baler Surcharge	Total	2025 Regular Rates	Pct Increase	2026 Regular Rates	Baler Surcharge	Total
Water	107.02	10.00%	117.72	-	117.72	117.72	10.00%	129.49	-	129.49
Sewer	57.18	15.00%	65.76	-	65.76	65.76	15.00%	75.62	-	75.62
Garbage pu	28.43	20.00%	34.12	-	34.12	34.12	20.00%	40.94	-	40.94
Dumpster	3,860.00	20.00%	4,632.00	20.15	4,652.15	4,652.15	20.00%	5,582.58	20.15	5,602.73
Sub-Total	4,052.63		4,849.60	20.15	4,869.75	4,869.75		5,828.63	20.15	5,848.78
Sales Tax	243.16		290.98		292.18	292.18		349.72		350.93
Total	4,295.79		5,140.57	20.15	5,161.93	5,161.93		6,178.35	20.15	6,199.71

	2025 Regular Rates	Number of Users	Annual Total
Water	115.73	501	695,774.77
Sewer	65.76	501	395,331.08
Garbage	82.87	501	498,238.49
Senior			
Water	46.29	156	86,651.14
Sewer	28.47	156	53,303.33
Garbage	41.37	156	77,440.90

	2026 Regular Rates	Number of Users	Annual Total
Water	127.30	501	765,352.25
Sewer	75.62	501	454,630.75
Garbage	119.60	501	719,027.99
Senior			
Water	50.92	156	95,316.25
Sewer	32.75	156	61,298.83
Garbage	59.64	156	111,649.08

Commerical Rates -6 yd Dumpster

Service	2025 Regular Rates	Number of Users	Annual Total
Water	117.72	170	240,152.88
Sewer	65.76	170	134,144.28
Garbage pu	34.12	170	69,596.64
Dumpster	3,012.95	170	6,146,418.00
Grand Total			8,397,051.50
Half Year 2025			4,198,525.75

Commerical Rates -6 yd Dumpster

Service	2026 Regular Rates	Number of Users	Annual Total
Water	129.49	170	264,168.17
Sewer	75.62	170	154,265.92
Garbage pu	40.94	170	83,515.97
Dumpster	3,635.69	170	7,416,807.60
Grand Total			10,126,032.79



**CITY OF KOTZEBUE
RESOLUTION NO. 25-26**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER WORKING WITH THE FINANCE DIRECTOR TO AUTHORIZE THE PARTICIPATION OF THE CITY OF KOTZEBUE IN THE ALASKA PUBLIC RISK ALLIANCE.

WHEREAS, the City of Kotzebue (“City”) has been a member of the Alaska Municipal League Joint Insurance Association (“AMLJIA”) for the purpose of pooling self-insured losses and administrative services, and jointly purchasing excess insurance, reinsurance, or other loss funding mechanisms through a Joint Insurance Arrangement; and

WHEREAS, the members of the Alaska Municipal League Joint Insurance Association (“AMLJIA”) and Alaska Public Entity Insurance (“APEI”) have voted to merge these organizations, effective on or about July 1, 2025, to form the Alaska Public Risk Alliance (“APRA”), a non-profit corporation in the State of Alaska, and establish a Joint Insurance Arrangement for eligible municipalities and their public corporations, city and borough school districts, and regional education attendance areas in the State of Alaska; and

WHEREAS, the City of Kotzebue (“City”) wishes to participate in the Joint Insurance Arrangement established by Alaska Public Risk Alliance;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue authorizes the City Manager working with the Finance Director to enter into a Cooperative Participation Agreement (hereinafter the “Agreement”) with other Alaska municipalities, school districts, and regional education attendance areas and to assume the duties and responsibilities as described in the Agreement. A copy of the Agreement, which may be amended from time to time, is attached hereto and incorporated by reference.

The City of Kotzebue (“City”) participation in the Alliance will commence on July 1, 2025, and will continue in effect unless coverage is cancelled, non-renewed, or otherwise terminated in accordance with this Agreement and the Alliance Bylaws.

This resolution shall be effective upon enactment.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 5th day of June 2025.

CITY OF KOTZEBUE

Derek Haviland-Lie Mayor

[SEAL]

ATTEST:

Lorraine Hunnicutt Acting City Clerk



**CITY OF KOTZEBUE
RESOLUTION NO. 25-27**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE
ACCEPTING THE PLANNING COMMISSION RESOLUTION 25-07 AND
DESIGNATING THE CITY-OWNED BUILDING AT 289 FIFTH AVENUE AS THE
NEW LOCATION FOR THE “ARCTIC SPIRITS” PACKAGE STORE**

- WHEREAS,** the City of Kotzebue (“City”) purchased the real property located at Lot 9, Block 18, USS 2863 from Grain Capital Corporation on November 9, 2023, for the sum of five hundred ninety-five thousand dollars (\$595,000.00), as documented in the Grain Capital Corporation Sales Agreement (Exhibit A);
- WHEREAS,** the Kotzebue Municipal Code Section 17.36.090(D), as cited in Exhibit A, grants the Kotzebue Planning Commission the authority to evaluate and recommend uses for public buildings and land within the City;
- WHEREAS,** the Kotzebue Planning Commission had conducted due diligence, including the evaluation of multiple potential uses for the subject property through formal meetings and deliberation;
- WHEREAS,** the Kotzebue Planning Commission, based on its findings and expert input, including that of the Planning Director, has determined that the most practical and beneficial use of the building is to designate it as the new location for the City’s “Arctic Spirits” Package Store;
- WHEREAS,** the building is currently unoccupied and undeveloped for any specific use, and minimal modification is necessary for its adaptation to serve as a Package Store;
- WHEREAS,** this designation will support the operational needs of the City’s Package Store and ensure efficient use of City assets, with no anticipated significant negative impact on traffic, utilities, or neighborhood compatibility;
- WHEREAS,** the Kotzebue Planning Commission Resolution 25-07 formally recommends to the City Council that this property be designated for use as the “Arctic Spirits” Package Store;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue formally accepts the Planning Commission Resolution 25-07 and approves the designation of the City-owned building located at 289 Fifth Avenue (Lot 9, Block 18, USS 2863) as the new location for the “Arctic Spirits” Package Store.

That the City Manager or their designee is hereby authorized and directed to take all necessary administrative steps to transition operations of the “Arctic Spirits” Package Store to the newly designated location.

That this resolution shall take effect immediately upon adoption and the building shall be designated for this use as of the date of this resolution.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 5th day of June 2025.

CITY OF KOTZEBUE

Derek Haviland-Lie Mayor

[SEAL]

ATTEST:

Donald Jones City Clerk

Published/Posted: May 30, 2025
Introduction: June 5, 2025



**KOTZEBUE PLANNING COMMISSION
RESOLUTION 25-07**

A RESOLUTION OF THE CITY OF KOTZEBUE PLANNING COMMISSION RECOMMENDING TO THE CITY COUNCIL OF THE CITY OF KOTZEBUE THE UTILIZATION OF THE BUILDING LOCATED AT 289 FIFTH AVENUE AS THE NEW LOCATION FOR THE CITY OF KOTZEBUE “ARCTIC SPIRITS” PACKAGE STORE.

WHEREAS, the real property and building located at Lot 9, Block 18, USS 2863, Kotzebue Townsite, was purchased from the Grain Capital Corporation on November 9, 2023, for the amount of five hundred and ninety-five thousand dollars (\$595,000.00), as set forth in Exhibit “A” (Grain Capital Corp. Sales Agreement), without a predetermined use approved;

WHEREAS, the Kotzebue Municipal Code in KMC Chapter 17.36.090(D), *Planning Commission: Powers and Duties*, exhibit “B” sets forth the process for building use designation of any public building or land within the City;

WHEREAS, the Planning Commission has extensively evaluated and considered multiple potential uses for the building over multiple Planning Commission meetings. The Planning Commission finds that the most practical and beneficial use for the building is that of the new location for the “Arctic Spirits” Package Store;

WHEREAS, the City of Kotzebue Planning Director confirms that this would be a suitable use for the capabilities of the building and this building use would have no significant negative effect on traffic or utilities;

WHEREAS, minimal funding and resources are required for the building to be utilized as Package Store, as the building is suitable in its existing condition for this purpose;

WHEREAS, the building currently has no designated purpose or active use within the City, and utilizing the CAIN Building as the new location for the “Arctic Spirits” Package Store would provide an immediate, practical function for this City-owned building, supporting the operational needs of the Package Store;

WHEREAS, it is now the responsibility of the City Council to either accept or deny the Planning Commission's recommendation for the building’s use as the “Arctic Spirits” Package Store new location. Should the Council approve, the building will be designated for this purpose immediately.

NOW THEREFORE BE IT RESOLVED: that the Kotzebue Planning Commission recommends to the City Council of the City of Kotzebue the utilization of the City-owned warehouse building located at 289 Fifth Avenue Lot 9, Block 18, USS 2863, as the new location for the “Arctic Spirits” Package Store.

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PASSED AND APPROVED by the Kotzebue Planning Commission on this 21st day of May, 2025.

**CITY OF KOTZEBUE
Planning Commission**



Ernest Norton, Chairman

ATTEST:



Sam Camp, Planning Director

Attachments:

Exhibit A- Grain Capital Corporation Building Sales Agreement

Exhibit B- KMC Chapter 17.36.090(D), *Planning Commission: Powers and Duties*

17.36.090 Powers and duties.

The planning commission shall have the following powers and duties:

- A. To review and act upon applications for zoning map amendments and variances, and appeals from decisions of the administrative official, in accordance with this chapter and AS 29.33;
- B. To act as the platting authority for the city in accordance with AS 29.33;
- C. Preparing plans, surveys and maps for the systematic development and betterment of the municipality as a place of residence and business;
- D. Studying and making recommendations regarding the advisability, location and design of any proposed public building, park, right-of-way or other public use of land within the city. Before any final action is taken on a proposed public capital improvement within the city, including state and federal capital improvements, plans, an ddrawing of the proposed improvement shall be submitted to the planning commission for its review and recommendation;
- E. Studying and making recommendation of the use, subdivision or method of disposition of all publicly owned land within the city. Before any publicly owned land (including state and federally owned lands) is sold, leased or othwise transferred from public to private tenure, plans for the subdivision and use of such lands shall be submitted to the planning commission for its review.

(Ord. 80-14 § 1 (part), 1980: prior code § 13.15.020(b)).

THIS AGREEMENT OF PURCHASE AND SALE (the “Contract”) is made and entered into as of the date hereinafter set forth by and between Grain Capital Corp. (“Seller”), and the City of Kotzebue (“Purchaser”).

WITNESSETH:

1. Sale and Purchase

Subject to the terms and conditions and for the consideration herein set forth, Seller agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, the following property (the “Property”), to wit:

1.1. Legal Description

A tract of land situated in the City of Kotzebue, State of Alaska, and being more particularly described as Lot 9, Block 18, Tract A, USS 2863, Kotzebue Townsite, as set forth in Exhibit “A” – Special Limited Warranty Deed, Document No. 2013-000400-0, dated December 16, 2013 and Quit Claim Deed, Document No. 2014-000106-0, dated April 1, 2014, both in Kotzebue Recording District-215 – attached hereto and incorporated herein, together with all and singular the rights, privileges, interests, easements, hereditaments and appurtenances thereunto in anywise incident, appertaining, or belonging to the land including, but not limited to: (i) all right, title, and interest in and to adjacent streets, alleys, rights-of-way, and any adjacent strips or gores of real estate; and (ii) all right, title, and interest in and to all oil, gas, and other minerals in, on, or that may be produced from the property, all mineral leases, royalty interests, and bonuses relating thereto, ad all agreements relating to the production, development, exploration, or exploitation thereof (the “Real Property”); and

1.2. Improvements

All improvements, structures, and fixtures situated on the Real Property including, but not limited to, those certain buildings, structures, fixtures, and other improvements of every kind and nature presently situated on, in, or under or hereafter erected, installed, or used on the Real Property (the “Improvements”).

2. Earnest Money

2.1. Deposit of Earnest Money

Upon the execution of this Contract by Seller and Purchaser, Purchaser shall deliver to the Title Company (as hereinafter defined) the sum of \$24,000.00 (the “Earnest Money”) at the time of this AGREEMENT OF PURCHASE AND SALE is fully executed . If the sale contemplated by this Contract is consummated, the Earnest Money shall be applied against the Purchase Price (as

hereinafter defined). If the sale is not consummated, the Earnest Money shall be paid to Seller or refunded to Purchaser in accordance with the terms of this Contract.

2.2. Dispute Between Parties

It is agreed that the Earnest Money deposit is made for the accommodation of the parties hereto. In the event any litigation arises between the parties to this agreement concerning the deposit, then the parties hereto do severally and jointly agree to indemnify and save harmless the Title Company from payment of any cost or other expenses that may be involved in such litigation. In the event of a dispute, the Title Company's only obligation shall be to retain the deposit until a final determination has been issued to pay the deposit into a court of competent jurisdiction.

2.3. Delivery of Earnest Money

The Title Company shall deliver the Earnest Money to Seller or Purchaser, as the case may be, on the following conditions:

- (A) Deliver to Seller upon consummation of the closing;
- (B) Deliver to Seller upon receipt of demand therefore signed by Seller stating that Purchaser has defaulted in the performance of its obligations under this Contract; provided, however, that the Title Company shall not honor such demand until at least 30 days after the date on which the Title Company shall have mailed a copy of such demand to Purchaser; nor thereafter if the Title Company shall have received a notice of objection from Purchaser given in accordance with the provision of this Paragraph 2;
- (C) Deliver to Purchaser upon receipt of demand therefore signed by Purchaser stating that either Seller has defaulted in the performance of its obligations under this Contract or that Purchaser is otherwise entitled to the refund of the Earnest Money pursuant to the terms of this Contract; provided, however, that the Title Company shall not honor such demand until at least 30 days after the date on which the Title Company shall have mailed a copy of such demand to Seller, nor thereafter following such 30-day period if the Title Company shall have received a notice of objection from Seller given in accordance with the provisions of this Paragraph 2.

2.4. Holding of Earnest Money Pending Resolution

If the Title Company shall have received a notice of objection as provided for in this Paragraph 2 within the time herein prescribed, then the Title Company shall continue to hold the Earnest Money until the Title Company receives either: (i) a written notice signed by other parties directing the disbursement of the Earnest Money; or (ii) a final and non-appealable order by a court of competent jurisdiction, entered in a proceeding in which the parties and the Title Company are named as parties, directing the disbursements of the Earnest Money on accordance with such direction. The Title Company shall not be or become liable in any way or to any person for its

refusal to comply with any such claims and demands unless it has received such direction. Upon compliance with such direction, the Title Company shall be released of and from all liability hereunder.

2.5. Affirmative Action of Title Company

Notwithstanding the foregoing, the Title Company may, on notice to the parties, take such affirmative steps as it may, at its option, elect in order to terminate its duties hereunder, including, but not limited to, the deposit of the Earnest Money with a court of competent jurisdiction and the commencement of an action of interpleader, the costs of which shall be borne by whichever of the parties is the losing party. Upon the taking by the Title Company of the action described above, the Title Company shall be released of and from all liability hereunder.

2.6. Reimbursement of Title Company

Except as otherwise provided herein, the Purchaser shall reimburse the Title Company for all reasonable costs and expenses incurred in performing its duties hereunder, including, but not limited to, reasonable attorneys' fees and disbursements, either paid to retained attorneys or in an amount representing the fair value of legal services rendered to itself.

3. Installment Sale

The purchase price is \$595,000.00. \$273,361.00 shall be paid into Escrow upon Title/Deed transfer by Seller. The purchaser agrees to pay the balance of \$300,000.00 [\$595,000.00 sale price – \$24,000.00 earnest deposit + \$1,611.00 title insurance fees payable by purchaser + \$750.00 escrow fee payable by purchaser – \$273,361.00 initial payment to into escrow = \$300,000.00 balance to be financed by Grain Capital Corp.] in monthly payments of \$13,774.35 each, beginning on or before December 15, 2023, and \$13,774.35 on or before the first day of each month thereafter to and including the first day of December 1, 2025 for a total of 24 monthly payments, with interest at the rate of 9.5% per year on the unpaid balance. The \$13,774.35 monthly payments are to be applied, first, to interest, and the balance on principal, until the balance of principal and interest has been paid in full, as set forth in Exhibit “B” attached hereto – three-page letter of August 16, 2023 from Seller to Purchaser.

4. Title Commitment, Survey, and Utility Verification

4.1. Title and Lien Documents

Within 30 days after the date of this Contract, Seller, with the purchaser paying the title insurance fee of \$1,611.00, shall deliver or cause to be delivered to Purchaser the following:

- (A) A Commitment for Title Insurance (the “Title Commitment”) issued by Stewart Title Company, 714 Gaffney Road, Fairbanks, Alaska 99701 (hereinafter referred to as the “Title Company”)

setting forth the status of the title of the Real Property and Improvements and showing all liens, security interests, claims, encumbrances, easements, rights of way, encroachments, reservations, restrictions, and any other matters affecting the Real Property and Improvements (the "Encumbrances");

(B) True, complete, and legible copies of all documents referred to in the Title Commitment;

(C) Searches of the appropriate Uniform Commercial Code records showing title to the Personal Property to be free and clear of all security interest(s), liens, and encumbrances.

4.2. Delivery of Survey

Within 30 days after the date of execution of this Contract, Seller, at the Purchaser's expense, shall deliver or cause to be delivered to Purchaser a survey (the "Survey") of the Real Property and Improvements, which survey shall: (i) reflect the actual dimensions of, and area within, the Real Property, the location of any easements, setback lines, encroachments, or overlaps thereon or thereover, and the outside boundary lines of all improvements; (ii) identify by recording reference all easements, setback lines, and other matters referred to on the Title Commitment; (iii) reflect that there is access to and from the Real Property from a publicly dedicated street or road; (iv) reflect any area within the Real Property that has been designated by the Federal Insurance Administration, the Army Corps of Engineers, or any other governmental agency or body as being subject to special, or increased, flooding hazards; (v) include a Surveyor's Certification, reasonably acceptable to Purchaser and sufficient to cause the Title Company to delete the survey exception, on the Owner's Title Policy (as hereinafter defined); and (vi) comply with the requirements of the McClintock Land Associates, Inc., 16942 North Eagle River Loop Road, Eagle River, Alaska 99577 for a Category 1A Condition I Survey. The Surveyor shall compile a metes and bounds description of the Real Property from the information contained within the Survey and this description shall be used in the documents executed at Closing and such field notes shall be incorporated herein by this reference upon their completion and approval by Purchaser.

4.3. Notice of Objections

Within 10 days after the receipt of all of the items referred to in Sections 4.1 and 4.2 hereof, Purchaser shall give Seller written notice ("Purchaser's Objection Notice") of all Encumbrances of any overlaps, encroachments, easements, or encumbrances reflected on the survey that constitute, in Purchaser's sole opinion, objections to title (hereinafter referred to as the "Objectionable Encumbrances"). If Purchaser's Objection Notice is not timely delivered, then all of the items reflected on the Title Commitment and Survey shall be considered to be Permitted Encumbrances (as hereinafter defined).

4.4. Seller To Obtain Releases

Seller covenants and agrees, at Seller's sole cost and expense, to obtain releases, at or prior to

Closing, for any and all liens affecting the Property as of the date of Closing. In addition, Seller covenants and agrees to use its best efforts, at Seller's sole cost and expense, to cure or remove all other Objectionable Encumbrances. Within 10 days after the receipt of Purchaser's Objection Notice, Seller shall give Purchaser written notice ("Seller's Title Notice") specifying the Objectionable Encumbrances that have been removed or cured, with evidence acceptable to Purchaser and the Title Company of such removal or cure.

4.5. Failure To Deliver Title Notice

If Seller fails to deliver Seller's Title Notice or if Seller is unable to cure or remove the Objectionable Encumbrances to the satisfaction of Purchaser within 10 days after Purchaser's Objection Notice was delivered, Purchaser shall have the right prior to Closing to terminate this Contract by giving Seller written notice thereof. Upon the receipt of such notice, the Earnest Money shall be refunded to Purchaser immediately and thereupon neither party shall have any further rights, duties, or obligations hereunder. In the event Purchaser elects not to terminate this Contract and to proceed with the Closing, then all Objectionable Encumbrances that have not been cured or removed shall be deemed waived. All Encumbrances and all items reflected on the Survey to which no objection is made and all Objectionable Encumbrances which are subsequently waived are hereinafter referred to as the "Permitted Encumbrances."

5. Inspection

Purchaser is granted the right to conduct a physical inspection ("Inspection") of the Real Property, Improvements, and all fixtures, mechanical equipment, and personal property being sold hereby. The Inspection shall include, without limitation, an inspection of the Real Property and Improvements for environmental matters, including an inspection for asbestos, an examination of any mud in the sheet rock, an examination of the glue used for tiling, and an inspection for any underground storage tanks located on the Real Property. Purchaser shall have 15 days from the Effective Date hereof to perform such inspection and, in this regard, Purchaser or its designated agents may enter upon the Property and Improvements for purposes of such analysis, or other tests and inspections which may be deemed necessary by Purchaser. If Purchaser determines, in its sole judgment, that the Real Property or Improvements are: (i) not suitable for any reason for Purchaser's intended use or purpose; (ii) are not in satisfactory condition; or (iii) have environmental risks that Purchaser does not want to assume, then Purchaser may, on written notice to Seller on or before 10 days from the Effective Date hereof, terminate this Contract, and it shall be null and void for all purposes and the Earnest Money shall be returned to Purchaser. If the written notice is not given to Seller within such period, this condition and any and all objections with respect to the Inspection shall be deemed to have been waived by Purchaser for all purposes. In the event this Contract shall not close through no fault of Seller, Purchaser shall provide Seller with a copy of the results of any inspection made by Purchaser. The inspection provided for in this Section 5 shall be at Purchaser's expense.

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6. Warranties and Representations of Seller

To induce Purchaser to enter into this Contract, Seller makes the following warranties and representations, all of which (a) shall also be true and correct as of the date of Closing and (b) shall survive the Closing of this Contract:

6.1. Good and Marketable Title to Property

Seller now has and will have at Closing good and indefeasible title in fee simple to the Property and no party, except as herein set forth, has or shall have any right in, or to acquire, the Property;

6.2. Free of Encumbrances

At the Closing, the Property shall be free and clear of all encumbrances except Permitted Encumbrances;

6.3. No Actions or Suits

There are no actions, suits, claims, assessments, or proceedings pending or, to the knowledge of Seller, threatened that could materially adversely affect the ownership, operation, or maintenance of the Property or Seller's ability to perform hereunder;

6.4. Authority of Seller

Seller has full right, power, and authority to execute, deliver, and perform this Contract without obtaining any further consents or approvals from, or the taking of any other actions with respect to, any third parties and this Contract, when executed and delivered by Seller and Purchaser, will constitute the valid and binding agreement of Seller, enforceable against Seller in accordance with its terms;

6.5. Existence of Security Interest

No uncured breach or default, whether declared or not, including, without limitation, nonpayment of any sum or nonperformance of any obligation, exists under, or with regard to, any obligation of Seller that is secured by a lien on the Property;

6.6. Compliance With Environmental Laws

(A) Without limiting Section 6.6 above, Seller further represents that (i) the Property has never been used by Seller or, to the best of Seller's knowledge after due inquiry, by any previous owners, occupants or the current tenants, if any, to generate, manufacture, refine, transport, treat, store, handle or dispose of any Hazardous Substances (as hereinafter defined), and no such Hazardous

Substances exist on the Property or in its soil or groundwater; (ii) to the best of Seller's knowledge after due inquiry, no portion of the Improvements has been constructed with asbestos, asbestos-containing materials, urea formaldehyde insulation or any other chemical or substance which has been determined to be a hazard to health and/or the environment; (iii) to the best of Seller's knowledge after due inquiry, there are no, nor have there been, electrical transformers or other equipment which have di-electric fluid-containing polychlorinated biphenyls (PCBs) located in, on or under the Property; (iv) to the best of Seller's knowledge after due inquiry, the Property has never contained any underground storage tanks; and (v) Seller has not received nor does it have any knowledge of any summons, citation, directive, letter or other communication, oral or written, from any local, state, or federal government agency concerning (a) the existence of Hazardous Substances on the Property or in the immediate vicinity, (b) the releasing, spilling, leaking, pumping, pouring emitting, emptying, or dumping of Hazardous Substances into the Property or into waters or other lands.

(B) The term "Hazardous Substances" as used in this Contract shall mean any hazardous or toxic material, substance, or waste, pollutant or contaminant which is regulated under any statute, law, regulation, rule or ordinance of any local, state, regional, or federal authority having jurisdiction over the Property, or its use, including, but not limited to, any material, substance or waste which is (i) defined as a hazardous substance under any Environmental Laws; (ii) a petroleum hydrocarbon, including crude oil or any fraction thereof and all petroleum products; (iii) polychlorinated biphenyls; (iv) lead; (v) urea formaldehyde; (vi) asbestos; (vii) flammable explosives; (viii) infectious materials; (ix) radioactive materials; or (x) defined or regulated as a hazardous substance under rules or regulations promulgated under any of the foregoing Environmental Laws.

(C) The term "Environmental Laws" as used in this Contract shall mean any international, federal, state, or local statute, law, regulation, order, consent, decree, judgment, permit, license, code, covenant, deed restriction, common law, treaty, convention, ordinance, or other requirement relating to public health, safety or the environment, including, without limitation, those relating to releases, discharges or emissions to air, water, land or groundwater, to the withdrawal or use of groundwater, to the use and handling of polychlorinated biphenyls or asbestos, to the disposal, treatment, storage or management of hazardous or solid waste, or Hazardous Substances or crude oil, or any fraction thereof, or to exposure to toxic or hazardous materials, to the handling, transportation, discharge or release of gaseous or liquid Hazardous Substances and any regulation, order, notice or demand issued pursuant to such law, statute or ordinance, in each case applicable to the Property, including, without limitation, the following: the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Re-Authorization Act of 1986; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and the Hazardous and Solid Waste Amendments of 1984; the Hazardous Materials Transportation Act, as amended; the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1976; the Safe Drinking Water Act; the Clean Air Act, as amended; the Toxic Substances Control Act of 1976; the Occupational Safety and Health Act of 1977, as amended; the Emergency Planning and Community Right-to-Know Act of 1986; the National Environmental Policy Act of 1975; the Oil Pollution Act of 1990, and any similar or implementing state law, and any state statute and any further amendments to these laws providing

for financial responsibility for clean-up or other actions with respect to the release or threatened release of Hazardous Substances or crude oil, or any fraction thereof and all rules and regulations promulgated there under.

6.7. No Environmental Permits Required

Seller has not obtained, and is not required to obtain, and Seller has no knowledge of any reason Purchaser or Seller will be required to obtain, any permits, licenses, or similar authorizations to construct, occupy, operate, or use any buildings, improvements, fixtures, and equipment forming a part of the Property by reason of any Environmental Laws;

6.8. No Special Assessments or Other Taxes

There are, and will be, no special taxes or assessments for any improvements, made or installed on the Property prior to the Closing; to the best of Seller's knowledge, all storm and sanitary sewers; the paving of roads and streets; all curbs and gutters; all traffic signals; the widening of all roads and streets; and the installation of acceleration, deceleration, and stacking lanes, required by law at the time of the Closing have been installed and paid for; in the event that any such item has not been paid for or in the event that any special assessments are now or hereafter imposed, levied, or fixed by reason of the installation of the foregoing, same will be paid by Seller whether or not the same are a lien at the time of closing;

6.9. No Third-Party Contracts

There will be no contracts for services or supplies on account of maintenance or repairs which expressly or impliedly will be binding upon the Purchaser or upon the Property;

6.10. Sewage Connections

The Property is serviced by municipal water and either the municipal sewer system or the septic tanks, cesspools, and leaching fields, if any, are wholly contained within the boundaries of the Property;

6.11. Utility Connections

All utility lines (including sanitary and storm sewers) enter the Property through public streets or through dedicated rights of way or equivalent servitudes;

6.12. No Zoning Violations

Seller has no knowledge of any zoning or building violations or any action, suit, or proceeding pending or threatened against or affecting the Property or any portion thereof in any court or before or by any Federal, State, County, or Municipal department, commission board, bureau, or agency

or other governmental instrumentality;

6.13. No Liens

Seller agrees to indemnify and hold Purchaser harmless in respect to any mechanic's and materialmen's liens against the Property arising out of any work performed or materials furnished by or on Seller's behalf or request on or with respect to the Property;

6.14. Highways and Roads

The roads bounding the Property are public highways under the jurisdiction of the appropriate political subdivision;

6.15. No Organized Labor Force

At the time of the Closing, there will be no collective bargaining or union contracts affecting the Property for which Seller is obligated and there will be no full-time employees of Seller at the Property;

6.16. No Condemnation

To the best of Seller's knowledge, there is no condemnation threatened or pending against the Property, or any part thereof;

6.17. No Structural Deficiencies

To the best of Seller's knowledge at the time of the Closing, there will be no material defects with regard to any of the structural components of the buildings on the Property, the roof and exterior walls are free of leaks, and the electrical, mechanical, plumbing, and HVAC systems are in good working order;

6.18. Viability of Insurance Coverage

Seller has not received any notices from any insurance company of any defects or inadequacies in the Property or any part thereof which would materially and adversely affect the insurability of the Property or the premiums for the insurance thereof, and no notice has been given by any insurance company which has issued a policy with respect to any portion of the Premises or by any board of fire underwriters (or other body exercising similar functions) requesting the performance of any repairs, alterations, or other work which has not been complied with;

6.19. No Parties in Possession

There are no parties in possession of any portion of the Property, whether as lessees, tenants at

sufferance, trespassers, or otherwise;

6.20. Property Not Flood-Prone

The Improvements on the Property are not within any area determined to be flood-prone under the Federal Flood Protection Act of 1973;

6.21. No Material Change in Property

Seller shall immediately notify Purchaser of any material change in respect to the Property or any information heretofore or hereafter furnished to Purchaser with respect to the Property.

7. Closing

7.1. Time and Date of Closing

The conveyance of the Property pursuant to his Contract shall be consummated (the "Closing") at the offices of the Title Company before 5:00pm on the first business day arising on or after the 40th day after the Effective Date of this Contract, or such earlier time as Purchaser shall designate (the "Closing Date"). Time shall be of the essence of this Contract.

7.2. Documents To Be Delivered by Seller

Seller covenants and agrees to deliver to Purchaser at Closing the following instruments, properly executed and acknowledged:

- (A) An Alaska General Warranty Deed pursuant to Alaska Statute 34.15.030 properly executed and acknowledged in proper form for recording to convey to Purchaser good and indefeasible fee simple title in and to the Real Property and Improvements, subject only to the Permitted Encumbrances;
- (B) If applicable, a Bill of Sale and Assignment conveying to Purchaser good and indefeasible title in and to the Personal Property with covenants and warranties of title free and clear of all security interest, liens, and encumbrances;
- (C) An affidavit regarding Seller's identity for the purposes of I.R.C. § 1445;
- (D) Evidence satisfactory to Purchaser and the Title Company that the person or persons executing the documents at the Closing on behalf of Seller has the full right, power, and authority to do so;
- (E) An insurance certificate for the Property for the period immediately preceding the Closing; and

(F) Such other instruments as are necessary to effectuate the conveyance of the Property to Purchaser.

7.3. Delivery of Title Insurance Policy

Seller further covenants and agrees to deliver to Purchaser, at Closing, a form of Owner's Policy of Title Insurance ("Owner's Title Policy") issued by the Title Company, in the full amount of the Purchase Price, insuring Purchaser's indefeasible fee simple title to the Real Property, subject only to the Permitted Encumbrances and the printed exceptions contained in the standard form of Owner's Title Policy; provided, however, that:

- (A) The survey exception shall be deleted except for "shortages in area";
- (B) The exception as to restrictive covenants shall be endorsed "None of Record," except for any restriction included in the Permitted Encumbrances; and
- (C) The exception as to the lien for taxes shall be limited to the year 2023 and subsequent years and shall be endorsed "None Due and Payable" and subsequent assessments for prior years due to change in land usage or ownership.

7.4. Purchaser's Payment Obligations

At Closing, Purchaser shall pay for: (i) all charges for the recordation of the instruments conveying title to the Property; (ii) all of the escrow fees charged by the Title Company; and, (iii) survey costs.

7.5. Documents To Be Satisfactory to Both Parties

All documents to be executed at Closing shall be in a form reasonably acceptable to Purchaser and Seller.

8. Adjustments at Closing

Ad valorem taxes and all other taxes and assessments, if any, affecting the Property for 2023 shall be prorated between Seller and Purchaser as of the date of Closing and Purchaser shall assume the payment thereof. If the actual amounts to be prorated are not known as of the date of Closing, the prorations shall be made on the basis of the best evidence then available, and thereafter when actual figures are received, a cash settlement will be made between Seller and Purchaser. Seller hereby warrants and represents to Purchaser that the Property has not heretofore been designated and assessed for a special use for ad valorem tax purposes, so that a change in the use of the land by Purchaser would cause the Property to become subject to additional state and local taxes for past years. This provision shall survive Closing.

9. Operation of Property

9.1. Seller's Obligations

During the period between the date hereof and the Closing, Seller shall:

- (A) Keep the property in good repair and condition;
- (B) Comply with all state and municipal laws, ordinances, regulations, and orders relating to the Property;
- (C) Comply with all the terms, conditions, and provision of all leases, liens, mortgages, agreements, insurance policies, and other contractual arrangements relating to the Property, make all payments due there under, and suffer no default therein;
- (D) Without written approval of Purchaser, neither negotiate nor enter into any new contract or modify any existing contract affecting the use or operation of the Property which cannot be terminated without charge, cost, penalty, or premium on or before Closing;
- (E) Operate, manage, and maintain the Property in the usual and customary manner for similar property;
- (F) Promptly notify Purchaser in writing if any material change occurs in the occupancy or conditions affecting the Property; and,
- (G) Provide Purchaser and its representatives, employees, and agents full and complete access during normal business hours, to the Property.

9.2. Purchaser's Payment of Taxes and Assessments During Term of Contract

Purchaser agrees to pay all taxes and assessments of every kind and nature that are or that may be assessed and that may become due on the premises during the life of this agreement. Seller covenants and agrees that there are no assessments against the premises currently due and unpaid.

9.3. Obligation of Purchaser for Insurance

During the life of this contract and until full payment of the purchase price, purchaser shall secure, maintain, and pay the premiums for insurance covering the buildings and other

insurable improvements on the property together with the personal property on the premises, and replacements added. The insurance shall be written by sound and reputable insurance companies, in the full insurable value of all property to be insured.

All policies of insurance shall provide that losses shall be paid to the parties to this contract as their several interests may appear.

All premiums for the insurance shall be paid by purchaser when due, and prior to delinquency.

10. Casualty Loss

As used herein, the term "Casualty Loss" shall mean any destruction by fire, storm, or other casualty or any taking or pending or threatened taking, in condemnation or under the right of eminent domain of the Property or portion thereof, in each case prior to Closing. Seller shall promptly give Purchaser written notice ("Casualty Notice") of any Casualty Loss of which Seller becomes aware. Purchaser shall have the option, which must be exercised within 10 days after its receipt of the Casualty Notice, to terminate this Contract or to proceed with the Closing. If Purchaser elects to terminate this Contract, all rights, duties, obligations, and liabilities created hereunder shall cease. If Purchaser elects to proceed with Closing, it shall acquire the Property in accordance with the terms hereof and Seller shall transfer to Purchaser all unpaid insurance proceeds, claims, awards, and other payments arising out of such Casualty Loss and pay to Purchaser all sums paid to Seller as insurance proceeds, awards, or other payments arising out of such Casualty Loss. Seller shall not voluntarily compromise, settle, or adjust any amounts payable by reason of any Casualty Loss without first obtaining the written consent of Purchaser.

11. Remedies

11.1. Breach by Purchaser

If Purchaser fails to consummate the purchase of the Property pursuant to this Contract for any reason other than pursuant to a right of termination granted to Purchaser hereunder, and Seller has performed all of its obligations hereunder, Seller may, as its exclusive remedy, terminate this Contract by notifying Purchaser in writing thereof and thereupon the Earnest Money shall be paid to Seller;

11.2. Breach by Seller

If Seller refuses to consummate the sale of the Property pursuant to this Contract for any reason other than a default or breach hereunder by Purchaser, Purchaser may, as its exclusive remedy, either: (i) enforce specific performance of the obligations of Seller hereunder; or (ii) terminate this Contract by notifying Seller in writing thereof and the Earnest Money shall be refunded to Purchaser immediately.

12. Survival and Indemnification

12.1. Survival of Representations

All representations, warranties, covenants, agreements, and indemnities of or by the parties shall survive the execution and delivery of the assignments contemplated hereby.

12.2. Indemnification of Purchaser

To the extent permitted by law, Seller, from and after Closing, shall indemnify and hold Purchaser harmless from and against any and all damage, loss, cost, expense, obligation, claim, or liability, including reasonable counsel fees and reasonable expenses of investigating, defending, and prosecuting litigation (collectively, the “Damages”), suffered by Purchaser as a result of: (A) any liability or obligation relating to or arising from the ownership or operation of the Property before the Closing Date; (B) any brokers' or finders' fees or commissions arising with respect to brokers or finders retained or engaged by any person other than the Purchaser and resulting from or relating to the transactions contemplated in the Contract; (C) the breach of any representation or warranty of Seller set forth in this Contract; and (D) the breach of, or failure to perform or satisfy, any of the covenants of Seller set forth in this Contract;

12.3. Assumption of Obligations by Purchaser

Purchaser, from and after Closing, shall assume the following: (i) any liability or obligation relating to or arising from the ownership or operation of the Property on and after the Closing Date (other than Damages resulting from a breach of any representations, warranties, or covenants of Seller contained in the Contract); and (ii) any brokers' or finders' fees or commissions arising with respect to brokers or finders retained or engaged by Purchaser and resulting from or relating to the transactions contemplated in this Contract.

13. Notices

All notices, demands, or other communications of any type (herein collectively referred to as “Notices”) given by Seller to Purchaser or by Purchaser to Seller, whether required by this Contract or in any way related to the transaction contemplated herein, shall be void and of no effect unless given in accordance with the provisions of this section. All Notices shall be in writing and delivered to the person to whom the Notice is directed, by personal delivery or by United State Mail, as a Registered or Certified item, Return Receipt Requested. Notices personally delivered shall be effective upon receipt and notices mailed shall be effective when deposited in a post office or other depository under the care or custody of the United States Postal Service, enclosed in a wrapper with properly postage affixed, addressed, if to Purchaser, as follows:

Tessa Baldwin, City Manager, City of Kotzebue, P.O. Box 46, Kotzebue, Alaska 99752-0046

And if to Seller, as follows:

Michael Cain, Vice President, Grain Capital Corp., P.O. Box 583, Kotzebue, Alaska 99752-0583

Either party hereto may change the address for Notices specified above by giving the other party 10 days' advance written notice of such change of address.

14. Assignment

Neither Seller nor Purchaser may assign their respective rights or delegate their respective duties or obligations arising under this Contract without the prior written consent of the other party.

15. Construction and Interpretation

This Contract shall be construed and interpreted in accordance with the substantive laws of the State of Alaska, without reference to the principles of conflict of laws of such State.

16. Waiver or Modification

This Contract may be amended, modified, superseded, or canceled, and any of the terms, covenants, representations, warranties, or conditions hereof may be waived, only by a written instrument executed by a duly authorized officer of each of Purchaser and Seller, or, in the case of a waiver or consent, by or on behalf of the party or parties waiving compliance or giving such consent. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by any party of any condition, or of any breach of any covenant, agreement, representation, or warranty contained in this Contract, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such covenant, agreement, representation, or warranty.

17. Attorney's Fees

In the event it becomes necessary for either party hereto to file a suit to enforce this Contract or any provision contained herein, the party prevailing in such action shall be entitled to recover, in addition to all other remedies or damages, reasonable attorney's fees incurred in such suit and fixed by a court of competent jurisdiction under the laws and rules of procedure of the State of Alaska.

18. Descriptive Headings

The descriptive headings of the several articles and sections contained in this Contract are included for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

19. Entire Agreement

This Contract, including the exhibits hereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith. No covenant, representation, or condition not expressed in this Contract shall be binding upon the parties hereto or shall affect or be effective to interpret, change, or restrict the provisions of this Contract.

20. Invalid Provisions

If any provision of this Contract is held to be illegal, invalid, or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable, this Contract shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof; and the remaining provisions of the Contract shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Contract.

21. Construction

The parties acknowledge that each party has reviewed, commented on, and approved the Contract, and the rule of construction providing that ambiguities within the Contract are to be resolved against the drafting party shall not be employed in the interpretation of this Contract.

22. Multiple Counterparts

This Contract may be executed in a number of identical counterparts, each of which, for all purposes, is to be deemed as original, and all of which constitute, collectively, one agreement; but in making proof of this Contract, it shall not be necessary to produce or account for more than one such counterpart.

23. Effective Date

For all purposes hereof, this Contract shall be deemed effective (“Effective Date”) on the date that it is executed by both Seller and Purchaser.

24. Late Payment Penalties

If the Purchaser is more than five (5) calendar days late with any monthly payments required under Section 3.0 of this agreement, a late payment fee of \$500.00 USD will be assessed to the purchaser. A late notice and invoice for the late fee will be mailed to the address listed in Section 13 of this agreement.

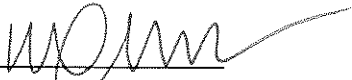
25. Default

If the Purchaser misses two (2) or more monthly payments required under Section 3.0 of this agreement, the purchaser will be notified in writing by certified mail at the address listed in Section 13 of this agreement that they are in breach of its obligations under this agreement and will therefore forfeit the title and any rights of ownership to the property; these rights include all payments, deposits, improvements and any equity gained for the subject property.

26. Bankruptcy


If, during the 24-month finance period or before the balanced financed is paid in full and title is fully conveyed to the purchaser, the purchaser files for any type of bankruptcy or debt relief actions, the property, all payments collected to date, any improvements to and any equity shall become sole property of the Seller, rendering this agreement terminated as of one day before the date of filing for said action.

Date: 11/28/23
By: **City of Kotzebue**


Saima Chase,
Mayor

[Pursuant to City of
Kotzebue Ordinance
23-03]

Date: 11/29/23
By: **Grain Capital Corp.**


Michael Cain
Vice President

- Attachments: (1) Deeds [four pages]
- (2) GCC letter of August 16, 2023 [three pages]



**CITY OF KOTZEBUE
RESOLUTION NO. 25-28**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE
ACCEPTING PLANNING COMMISSION RESOLUTION 25-08 AND APPROVING
THE TIDELANDS USE PERMIT FOR COPPER RIVER SEAFOODS FOR THE 2025
COMMERCIAL FISHING SEASON**

- WHEREAS,** the City of Kotzebue (“City”) owns surface and submerged tidelands as designated in Alaska Department of Natural Resources documentation and reference in State Patents identified in Exhibit B;
- WHEREAS,** Chapter 11.04 of the Kotzebue Municipal Code governs the use of City-owned tidelands;
- WHEREAS,** the Kotzebue Planning Commission through Resolution 25-08, has recommended to the City Council the approval of a Tidelands Use Permit for Copper River Seafoods (“CRS”) to facilitate the purchase of commercially caught fish from local fishermen operating within City tidelands during the 2025 commercial fishing season;
- WHEREAS,** CRS proposes to operate its shoreside fish buying station on Lot 1B, Block 8, USS 4498, leased from Kotzebue Sound Fisheries Association, a subsidiary of NANA Regional Corporation, while engaging with commercial fishermen in City tidelands;
- WHEREAS,** CRS has fulfilled the permit application requirements, including acquiring all necessary federal, state, and local permits, as set forth in Exhibit A of Planning Commission Resolution 25-08;
- WHEREAS,** CRS has maintained a history of good standing with the City regarding prior Tidelands Use Permits since initiating operations in 2026;
- WHEREAS,** Due to time sensitivity, the requirement for a formal appraisal of the non-exclusive use value has been waived, with CRS agreeing to negotiate terms subject to City Council approval; and
- WHEREAS,** the City Council has reviewed the Planning Commission’s findings and recommendations and deems it in the public interest to support the continued operation of CRS in the 2025 fishing season;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue formally accepts Planning Commission Resolution 25-08 in full and approves the issuance of a Tidelands Use Permit to Copper River Seafoods for the 2025 commercial salmon fishing season.

That the terms of the permit, as outlined in Exhibits A and C attached to the Planning Commission’s resolution, are hereby adopted, including all stipulations relating to legal compliance, environmental safeguards, and operational conduct.

That the effective period of the permit shall be from July 1, 2025, through August 31, 2025, unless extended by mutual written agreement.

That the City Manager or their designee is authorized to execute all documents necessary to finalize the Tidelands Use Permit and Agreement with Copper River Seafoods on behalf of the City.

That this resolution shall become effective immediately upon adoption.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 5th day of June 2025.

CITY OF KOTZEBUE

Derek Haviland-Lie Mayor

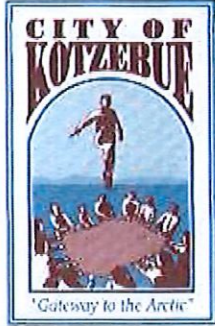
[SEAL]

ATTEST:

Lorraine Hunnicutt Acting City Clerk

Attachments:

- **Exhibit A:** Planning Commission Resolution 25-08 and Exhibits [19 pages]



**KOTZEBUE PLANNING COMMISSION
RESOLUTION 25-08**

A RESOLUTION OF THE KOTZEBUE PLANNING COMMISSION RECOMMENDING TO THE CITY OF KOTZEBUE CITY COUNCIL THE APPROVAL OF COPPER RIVER SEAFOODS (“CRS”) TIDELANDS USE PERMIT FOR PURCHASING FISH CAUGHT WITHIN CITY-OWNED TIDELANDS

WHEREAS, the City of Kotzebue ("City") owns surface and submerged Tidelands as delineated in Alaska Department of Natural Resources documents and State Patents “Exhibit B”;

WHEREAS, Chapter 11.04, "Tideland Regulations," of the Kotzebue Municipal Code governs the use of City Tidelands;

WHEREAS, CRS has submitted a request for a temporary non-exclusive use of City Tidelands to facilitate the purchase of salmon from local fishermen during the 2025 commercial season;

WHEREAS, CRS’s main operations will be conducted shoreside on the property described as Lot 1B Block 8 USS 4498 leased from Kotzebue Sound Fisheries Association a subsidiary of the NANA Regional Corporation;

WHEREAS, CRS’s operations will not be directly located within the bounds of the City Tidelands “Exhibit B”, CRS will still be conducting business with commercial fisherman operating within City Tidelands;

WHEREAS, CRS has fulfilled the conditions precedent outlined in the Tidelands Permit application, including obtaining necessary permits from federal, state, and local governments “Exhibit A”;

WHEREAS, CRS has maintained its fish buying operation in Kotzebue since 2016 remaining in good standing with the City on all previous Tidelands Use Permits up to this year;

WHEREAS, the requirement for a formal appraisal of the value of non-exclusive use has been waived due to time sensitivity, with CRS agreeing to negotiate an amount subject to City Council approval;

NOW THEREFORE BE IT RESOLVED:

1. The Tidelands Permit is hereby recommended for approval for Copper River Seafoods, subject to compliance with all terms and conditions set forth in the permit application and attached agreements (Exhibits A and C).
2. CRS and its agents shall adhere to all federal, state, and local laws, regulations, and permit conditions applicable to activities conducted under this permit.
3. CRS shall maintain the permitted area in a clean, safe condition and comply with spill reporting requirements as specified in the permit conditions.
4. This permit shall retroactively take effect July 1st, 2025, and expire on August 31, 2025, unless extended by mutual, written agreement of the Parties.
5. The City Manager or their designee is authorized to execute the Tidelands Permit and Agreement on behalf of the City of Kotzebue.

PASSED AND APPROVED by the Kotzebue Planning Commission on this 21st day of May 2025.

**CITY OF KOTZEBUE
Planning Commission**



Ernest Norton, Chairman

ATTEST:



Samuel Camp, Planning Director

Attachments

Exhibit A- CRS Tidelands Permit Application

Exhibit B- Map of City of Kotzebue Tidelands

Exhibit C- Proposed CRS Tidelands Permit Agreement



258A Third Ave.
P.O. Box 46
Kotzebue, Alaska 99752

City Hall (907) 442-3401
Fire Dept. (907) 442-3404
Police Dept. (907) 442-3351
Public Works (907) 442-5200

CITY OF KOTZEBUE
Planning Department
Tidelands Use Permit Application

Date of Application: May 1-2025
Permit No.: _____
Date Received (Planning): _____

Please type or print legibly in ink. Answer all questions completely or mark "N/A" if not applicable. All required attachments, such as project description, maps, proof of insurance, etc., must be included with your packet. An incomplete packet may be returned. If you have any questions or need assistance: call the City of Kotzebue Planning Department at 907-442-5203 or 907-442-5210.

APPLICANT INFORMATION

MARK HANSEN
Name of Applicant
COO
Job Title
1400 EAST 1ST AVE
Address
ANCHORAGE, AK
City, State, Zip Code
206 465-4512
Phone Number
MHANSEN@CRSALASKA.COM
Email Address

COMPANY INFORMATION

COPPER RIVER SEAFOODS
Name of Company
304916
AK Business License Number
1400 EAST 1ST AVE
Address
ANCHORAGE, AK 99501
City, State, Zip Code
907 522-7906
Phone Number
MHANSEN@CRSALASKA.COM
Email Address

PROJECT LOCATION

1 B Lot(s) 8 Block(s) 4498 USS PLAT 80-11 Tract

PROJECT INFORMATION

Please provide a detailed description of your project:
REQUEST PERMIT DURING July / August
Commercial FISHERY

Proposed Start Date of Project: July 1-

Proposed End Date of Project: Aug 31

DETAILED INFORMATION


Attach **detailed** information regarding your project including:

- 1. A detailed map of all associated facilities such as tidelines ROW, facilities, waste disposal sites, etc. within city limits,
- 2. Copy of any State and Federal permits and/or permit applications needed for the project such as State of Alaska Fishing license, AKDF&G Independent Buyer License, etc.
- 3. Copy of current State of Alaska business license,
- 4. Certificate of Liability Insurance (with City of Kotzebue as additional insured),
- 5. Safety and Regulatory Summary,
- 6. Marine Spill Response Procedures,
- 7. Lease agreements with other entities and/or landowners (if any),
- 8. Any additional supporting documents deemed essential for the approval of this permit application.

CERTIFICATION STATEMENT

I, the undersigned, hereby certify, under penalty of perjury, that I am either the owner or the duly authorized legal representative of the owner of the company detailed in this application. I affirm that all information provided herein is accurate, truthful, and complete to the best of my knowledge. I understand and acknowledge that any false, incorrect, or incomplete information provided constitutes grounds for denial of this application and/or revocation of any previously issued building permit based on such information.

In the event that revocation of the tideland use permit becomes necessary, including the issuance of a stop order or the initiation of a revocation action, I agree to undertake, at my own expense, the removal of any and all activities and equipment that were authorized based on false, incorrect, or incomplete information. Furthermore, I agree to reimburse the city for any reasonable costs and attorney fees incurred as a result of such a stop order or revocation action.

 , COO
Signature of Applicant

5/1/25
Date

Signature of Owner (if different from Applicant)

Date

L1972144128

ALASKA DEPARTMENT OF REVENUE

Fisheries Business License
Valid Jan 01, 2025 through Dec 31, 2025

License No
6426

Licensee
COPPER RIVER SEAFOODS INC

Licensed Activity: Shore-based Processor
Licensed to perform activity as a Shore-based Processor described under AS 43.75.

This certifies that the licensee agrees to file a fisheries business tax return stating the value of fisheries resources processed or exported from the state for the license period and to pay fisheries business taxes in full on or before March 31 following the end of the license period. Licensee agrees to comply with all statutes and regulations governing fisheries business taxes. This license cannot be transferred or assigned.

Licensed Location
ANCHORAGE PLANT
1400 EAST 1ST AVE
Anchorage, AK 99501-0000



Heather Atkinson
Licensing Specialist

12/4/2024
Issue Date

Caution: This does not permit you to do business in Alaska without complying with other State or US Laws.

Alaska Business License # 304816

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business, and Professional Licensing
PO Box 110806, Juneau, AK 99811-0806

This is to certify that

COPPER RIVER SEAFOODS, INC.

1400 East 1st Ave, Anchorage, AK 99501-2759

owned by

COPPER RIVER SEAFOODS, INC.

is licensed by the department to conduct business for the period

May 9, 2024 to December 31, 2025
for the following line(s) of business:

31-33 - Manufacturing



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

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

Julie Sande
Commissioner

CERTIFICATE OF LIABILITY INSURANCE

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer any rights to the certificate holder in lieu of such endorsement(s).

PRODUCER: USI Insurance Services NW, 3800 Centerpoint Dr., Suite 202, Anchorage, AK 99503, 855 874-1300. CONTACT NAME: Nastasha Suarez, PHONE (A/C, No, Ext): 907-623-0472, FAX (A/C, No):, E-MAIL ADDRESS: nastasha.suarez@usi.com. INSURER(S) AFFORDING COVERAGE: INSURER A: Travelers Property Cas. Co. of America (NAIC # 25674), INSURER B: Alaska National Insurance Company (NAIC # 38733).

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

Table with columns: INSR LTR, TYPE OF INSURANCE, ADDL SUBR INSR WVD, POLICY NUMBER, POLICY EFF (MM/DD/YYYY), POLICY EXP (MM/DD/YYYY), LIMITS. Rows include Commercial General Liability, Automobile Liability, Umbrella Liability, and Workers Compensation.

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: Tidelands Use Permit

The General Liability policy include an automatic Additional Insured endorsement that provides Additional Insured status to the Certificate Holder, only when there is a written contract or written agreement between the named insured and the certificate holder and with regard to work performed by or on behalf of the named insured.

CERTIFICATE HOLDER

City of Kotzebue, PO Box 46, Kotzebue, AK 99752

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Gary D. Peterson

DL-25

ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS
344 Sixth Avenue
Anchorage, Alaska

ADL 19285

INTERAGENCY LAND MANAGEMENT TRANSFER

The Division of Lands, Department of Natural Resources of the State of Alaska transfers and assigns to the City of Kotzebue, Box 100, Kotzebue, Alaska,

or its successors in function, hereinafter called Assignee, jurisdiction and management of the following described lands, including uplands, shorelands, tidelands or submerged lands, located in the State of Alaska, to-wit:

A parcel of tide and submerged land known officially as Alaska Tideland Survey No. 238 and more properly described as follows: a tract of tide and submerged lands located below the mean high tide line of Kotzebue Sound seaward of the City of Kotzebue and shown on ATS 238 which is on file at the office of the Division of Lands. Starting at Cor. No. 12 M.C. of the townsite survey of Kotzebue which is common with Cor. No. 1 of ATS 238 thence by metes and bounds
N. 68°41' W. 1850 feet to Cor. No. 2,
N. 23°00' E. 3800 feet to Cor. No. 3,
N. 48°00' E. 4750 feet to Cor. No. 4,
S. 84°00' E. 1650 feet to Cor. No. 5,
S. 05°44' W. 1850 feet to Cor. No. 6,
hence meandering along the mean high tide line to Cor. No. 1, the point of beginning. Containing 194.34 acres more or less.

This transfer is made subject to all valid existing preference rights that may be acquired under the provisions of Section 5, Article 3, Chapter 169, as amended.

said jurisdiction and management being limited to the surface and so much of the subsurface as may be required in order to make use of the land for public purposes within the jurisdiction of the Assignee, and for so long as required for said public purposes. The right

to construct, maintain or improve and remove buildings, roads, airports and works of any description, and to use or remove sand, gravel, timber, or other materials on or near the surface expressly granted when such action is necessary in order to make use of the land for any public purposes within the jurisdiction of the Assignee. The Division of Lands expressly reserves jurisdiction and management of all other minerals including oil and gas in the above described land, provided, however, that the Division of Lands will not permit surface entry for the purpose of mineral or oil and gas exploration or development without the consent of the Assignee.

Dated at Anchorage, State of Alaska, this 10th day of September, 1962.

Robert Bell
Director, Division of Lands
Department of Natural Resources

UNITED STATES OF AMERICA)
STATE OF ALASKA) ss.

This certifies that on the 19th day of September, 1962, before me a notary public in and for the State of Alaska, duly commissioned and sworn, personally appeared Robert Bell, to me known and known to me to be the person described in and who executed and acknowledged the foregoing instrument on behalf of the State of Alaska, as Director of the Division of Lands, Department of Natural Resources. The said Robert Bell, after being duly sworn according to law, stated to me under oath that he is the Director of the Division of Lands, Department of Natural Resources and has authority pursuant to law to execute and acknowledge the foregoing instrument as such Director on behalf of the State of Alaska, acting through the Division of Lands, Department of Natural Resources and that he executed and acknowledged the same freely and voluntarily as the free and voluntary act and deed of the said State of Alaska and for the Division of Lands, Department of Natural Resources.

WITNESS my hand and official seal the day and year in this certificate first above written.

Barbara J. Mueick
Notary Public in and for the State of
Alaska.
My commission expires March 2, 1966

State of Alaska



BOOK 40 PAGE 107
Kotzebue - Kobuk Recording District

NOATAK - KOBUK
Serial No. 66-219

Patent

Tidelands No. 185

Know All Men By These Presents that the State of Alaska, pursuant to Article III, Chapter 169, SLA 1959, as amended and in consideration of: A Municipal Preference Right pursuant to Section 38.05.320, Article 11, Paragraph (b), and the rule and regulations promulgated thereunder,

and other good and valuable consideration, does hereby grant to:

CITY OF KOTZEBUE

Book 100

Kotzebue, Alaska

its heirs and assigns, those Tidelands lying seaward of the mean high tide line in Kotzebue Sound, State of Alaska, described as follows:

As shown on ATS 238:

A tract of tide and submerged lands located below the mean high tide line of Kotzebue Sound, seaward of the City of Kotzebue, more particularly described as follows:

Beginning at Corner No. 12 M.C. of the official survey of the Kotzebue Townsite, U.S.S. 2863, which is common to Corner No. 1 of this survey, Alaska Tidelands Survey No. 238, from which W.C.M.C. 12 of U.S. Survey 2863 bears N 72° 48' 42.7" E a distance of 36,942 feet; Thence N 68° 40' 12.6" W, a distance of 1,850.00 feet to Corner No. 2; Thence N 21° 19' 47.4" E, a distance of 3,800.00 feet to Corner No. 3; Thence N 48° 57' 34.6" E, a distance of 4,906.744 feet to Corner No. 4; Thence S 84° 17' 11.9" E, a distance of 1,650.00 feet to Corner No. 5; Thence S 05° 42' 48.1" W, a distance of 1,850.00 feet to Corner No. 6 which is common to Corner No. 3 M.C. of U.S.S. 2863, Tract B. Thence with meanders as follows: N 84° 17' 11.9" W 376.226 ft. S 74° 06' 17.5" W 329.684 ft. S 63° 50' 35.2" W 364.491 ft. S 51° 52' 55.9" W 243.399 ft. S 45° 01' 50.0" W 469.258 ft. S 48° 24' 51.1" W 527.906 ft. S 55° 25' 00.1" W, c 540.908 ft. S 56° 08' 48.8" W 309.839 ft. S 52° 02' 56.0" W 171.533 ft. S 49° 17' 00.5" W 227.039 ft. S 47° 05' 04.4" W 651.636 ft. S 36° 49' 22.0" W 288.846 ft. S 26° 35' 39.2" W 406.881 ft. S 21° 41' 46.7" W 866.392 ft. S 21° 46' 46.8" W 1,054.713 ft. S 21° 19' 47.4" W 890.320 ft to Corner No. 1 and the point of beginning containing 392.753 acres, not including the tract to be conveyed to B & R Tug and Barge Company. Latitude 66° 53' 25" N and longitude 162° 36' 30" W at Corner No. 1 of A.T.S. 238.

BOOK 40 PAGE 108
Nostak - Kobuk Recording District

RECORDED - FILED	
Nostak - Kobuk REC. DIST.	
DATE	April 25 1966
TIME	2:35 P.M.
Requested by	City of Kotzebue
Address	Kotzebue, Alaska

Section _____, Township 17 North, Range 18 West KR Meridian

according to the official plat of survey thereof, on file and of record with the Division of Lands and recorded in Nostak-Kobuk Serial No. 66-78 Nostak-Kobuk Book 40 Page 108 of the official records of the _____ Recording Precinct, Kotzebue, Alaska

The Grantor, Alaska, expressly reserves, out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials and fossils, and it also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessees, successors and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling and working mines or wells on these or other lands, and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fissionable materials and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to, and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

This indenture is executed subject to the covenant that no person, firm, association or corporation shall take herring spawn in waters on or over the tidelands herein conveyed, nor shall any person, firm, association, organization or corporation engage in the sale, barter or exchange of herring spawn for profit, providing however, nothing herein shall be construed to prevent or prohibit the taking of herring spawn by residents of this State for (1) personal consumption or (2) barter or exchange for the necessities of life, pursuant to Section 1, Chapter 34, SLA 1959.

To Have and to Hold the said land with the appurtenances thereof unto the said Grantee and its heirs and assigns forever.

In Testimony Whereof the State of Alaska has caused these presents to be executed by the Director of the Division of Lands pursuant to Article II, Chapter 169, SLA 1959, as amended this 11th day of April, A.D. 1966.

Eric Bell
Director, Division of Lands

State Record of Patents
Vol. III
Page 185

**City of Kotzebue
TIDELANDS PERMIT
[Copper River Seafoods (CRS) - Permittee]**

The City of Kotzebue owns surface Tidelands and submerged Tidelands pursuant to, *inter alia*, Alaska Department of Natural Resources, Division of Lands, Interagency Land Management Transfer, ADL #19285, dated September 10, 1962, State of Alaska Patent, Tidelands No. 185, dated April 11, 1966, recorded at Book 40, Page 107, Noatak - Kobuk Recording District, Noatak - Kobuk Serial No. 66-219, A.T.S. 238 showing 395.208 acres and Alaska Statutes, Title 38, Public Lands. Copies of A.T.S. 238 and related documents are attached hereto as Exhibit "A" and incorporated herein by reference.

Chapter 11.04, "Tideland Regulations," of the Kotzebue Municipal Code ("KMC"), governs, *inter alia*, the use of, improvement of, rights-of-way, easements and resources reservation over, under and through the City of Kotzebue's Tidelands and KMC Chapter 11.04 is incorporated, in its entirety, herein by reference. This Tidelands Permit is issued pursuant to City of Kotzebue Resolution No. 18-08, dated August 17, 2017, a copy of which is attached hereto as Exhibit "B" and incorporated herein by reference.

Nature of Request for Temporary Non-Exclusive Use of Tidelands

CRS will be buying salmon from local fishermen during the oncoming 2025 commercial season, as set forth in Exhibit "C" attached hereto and incorporated herein by reference.

Conditions Precedent and Promissory Conditions

As conditions to obtaining this TIDELANDS PERMIT, **CRS** warrants and commits as follows:

1. **CRS** shall obtain all necessary permits, if any, from the federal government, State of Alaska and local governments required for work in the waters in and around Kotzebue and present copies of said permits to Samuel Camp, Planning Director, City of Kotzebue, before any work is commenced in the Tidelands;
2. KMC 11.04.510, 11.04.630 and 11.04.640, normally would require **CRS** to pay for an appraisal by MacSwain & Associates, LLC, Anchorage, Alaska for the value of the non-exclusive use of the City's surface Tidelands and the value so determined would be paid to the City. However, due to the time sensitive nature of this work, the requirement for a formal appraisal is hereby waived and it is agreed that **CRS** will negotiate an amount to be paid to the City, subject *vel non* to City Council approval, for the temporary, non-exclusive use of the City of Kotzebue's Tidelands.

CITY OF KOTZEBUE
Copper River Seafoods
Tidelands Use Permit No. 24-02

PERMIT TERMS AND CONDITIONS

1. **CRS** and/or its agent(s) warrants and commits that it and/or its agent(s) shall comply with all terms of the contracts/agreements/permits entered into/granted by the federal government, State of Alaska, and local governments.
2. **CRS** and/or its agent(s) shall comply with any and all applicable local, borough, state and federal laws. Failure to abide by any part of this Permit or violation of any pertinent provisions of the Kotzebue Municipal Code, Northwest Arctic Borough Code, Alaska Statutes, Alaska Administrative Code or federal laws or regulations, will be considered grounds for revocation of this Permit or denial of future permit requests and may result in fines or other penalties. This provision shall apply to all persons working under the authority of this Permit.
3. All trash and human waste shall be properly disposed of in accordance with State, Northwest Arctic Borough, and City of Kotzebue standards for disposal of refuse, human waste, and chemicals.
4. All Permit activities shall utilize measures to minimize noise and nuisance affecting surrounding residential properties, including excessive noise, fumes, odors, glare, smoke, vibration, dust, litter, interference in any telephone, radio, or television receivers, and/or significant line voltage fluctuation.
5. Equipment/watercraft used in the performance of the activities covered by this Permit shall not be serviced and fueled within the boundaries of the City's Tidelands. Equipment and vehicles must be monitored, daily, for hydraulic leaks. Equipment and vehicles are to be maintained so as not to cause any fuel spills and/or fluid leaks. Equipment shall not be abandoned.
6. **CRS** and/or its agent(s) shall immediately notify the City of any damage to the waters and/or bottom of the City's Tidelands, including, but not limited to, environmental spills of oil or other chemicals.
7. **CRS** and/or its agent(s) shall immediately notify the City (at least within 24 hours) of any change in the Permit plans and seek modification of the Permit. **CRS** and/or its agent(s) shall suspend uses until approval is given by the Public Works Director. If the proposed action constitutes an emergency, **CRS** and/or its agent(s) shall comply with directions from the Planning Director, or his Designee, for such emergency actions and shall make reasonable efforts to conduct modified uses in a manner that avoids or minimizes

significant harm to the environment, consistent with the need to protect property and human life.

8. **CRS** and/or its agent(s) are subject to all penalties and civil actions for violation of the Permit conditions and stipulations prescribed herein.
9. The Permittee shall allow the City and its representatives access to the permitted areas during the term of this Permit to conduct scheduled or unscheduled inspections or tests to determine compliance with this Permit or respond to emergency situations.
10. This Permit is for City Tidelands only and does not apply to other lands within the Kotzebue Sound not held in City ownership.
11. This Permit is not a property right. It is a temporary non-exclusive authorization, revocable by the City for cause.
12. **CRS** is responsible for obtaining authorizations required by other agencies for the permitted activity.
13. The City's primary contact person for this Permit is the Planning Director, or his Designee. The Planning Director may be contacted at the Public Works Building, at his direct-dial numbers of (907) 442-5203, via fax at (907) 442-2155 and/or via e-mail to scamp@kotzebue.org.
14. **CRS** assumes all responsibility, risk, and liability for all activities of Permittee, its employees, agents, invitees, contractor, subcontractors, or licensees directly or indirectly conducted in connection with this Permit, including environmental and hazardous substance risks and liabilities, whether accruing during or after the term of this Permit. Permittee shall defend, indemnify, and hold harmless the City of Kotzebue, its employees and agents from and against any and all suits, claims, actions, losses, costs, penalties and damages of whatever kind or nature, including all attorney's fees and litigation costs, arising out of , in connection with, or incident to any act or omission by Permittee, its employees, agents, invitees, contractors, subcontractors or licensees, unless the sole proximate cause of the injury or damage is the negligence or willful misconduct of the City or anyone acting on the City's behalf. Within fifteen (15) days, the Permittee shall accept any such cause or action or proceeding upon tender by the City. This indemnification shall survive the termination of the Permit.
15. This authorization is subject to all valid existing rights in and to the land under this authorization. The City makes no representations or warranties, whatsoever, either expressed or implied, as to the existence, number, or nature of such valid existing rights.

16. Since this is a temporary, non-exclusive use permit for **CRS**, the City reserves the right to grant additional authorizations to other third-parties for compatible uses on or adjacent to the land under this authorization. However, any other users on or adjacent to the area of Tidelands being used by **CRS**, shall not interfere with **CRS** activities.
17. The area used for this Permit shall be left in a clean, safe condition acceptable to the Planning Director. The area shall be restored to a condition acceptable to the Planning Director.
18. This authorization is revocable immediately upon violation of any of its terms, conditions, stipulations, nonpayment of fees or upon failure to comply with any other applicable laws, statutes, and regulations (federal, state and local).
19. To proceed in areas other than in the City Tideland Area, **CRS** must have prior authorization from the Planning Director and may request this authorization as an amendment to this Permit.
20. All operations must be conducted in a manner that will ensure minimum conflict with other users of the area. There shall be no interference with free public use of City lands and waters. Public access may not be restricted without prior approval of the Planning Director.
21. The area subject to this Permit shall be maintained in a neat, clean, and safe condition, free of any solid waste, debris, or litter.
22. The use authorized by this Permit shall be limited to the City-owned tidelands. **CRS** is responsible for accurately siting operations within this area. Any proposed activity outside the City-owned tidelands may require the approval of other local, state and/or federal entities which shall be the sole responsibility of **CRS**.
23. Secondary containment shall be provided for fuel or hazardous substances, as follows:
 - a. Container marking. All independent fuel and hazardous substance containers shall be marked with the contents and **CRS** name using paint or a permanent label.
 - b. Fuel or hazardous substance transfers. Secondary containment or a surface liner must be placed under all container or vehicle fuel tank inlet and outlet points, hose connections, and hose ends during fuel or hazardous substance transfers. Appropriate spill response equipment must be on hand during any transfer or handling of fuel or hazardous substances to respond to a spill of up to five (5)

gallons. Trained personnel shall attend transfer operations at all times. Equipment refueling shall not occur within 100 feet of open bodies of water.

- c. Storing containers within 100 feet of bodies of water. Containers with a total capacity larger than 55 gallons that contain fuel or hazardous substances shall not be stored within 100 feet of a body of water.
- d. Exceptions. The Planning Director may, under unique or special circumstances, grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the Planning Director.
- e. Definitions.

"Containers" means any item that is used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment such as light plants and generators, flow test holding tanks, slop oil tanks, bladders, and bags. Manifolded tanks or any tanks in a series must be considered as single, independent containers. Vehicles, including mobile seismic tanks, are not intended to be included under this definition.

"Hazardous substances" are defined under A.S. 46.03.826(5) as: (a) an element or compound which, when it enters the atmosphere, water, or land, presents an imminent and substantial danger to the public health or welfare, including fish, animals, or vegetation; (b) oil; or (c) a substance defined as a hazardous substance under 42 U.S.C. 9601(14)

"Secondary containment" means an impermeable, diked area or portable, impermeable, containment structure capable of containing 110 percent of the volume of the largest independent container. Double-walled tanks do not qualify as secondary containment unless an exception is granted for a particular tank.

"Surface liner" means any safe, non-permeable container (e.g., drip pans, fold-a-tanks, etc.) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume based on worst-case spill risk.

- 24. The Permittee shall immediately notify the City, by phone, of any unauthorized discharge of oil or fuel to water, any discharge of hazardous substances (other than oil or fuel), and any discharge of oil or fuel greater than fifty-five (55) gallons on land. All fires and explosions must also be reported.

The DNR 24-hour Spill Report Number is (907) 451-2678 and the DNR fax number is (907) 451-2751. The DEC Spill Report Number is (907) 451-2121, (907) 451-2362 [fax] and, outside normal business hours - (800) 478-9300. The City 24-hour number is 442-3351/3352. The ADF&G number in Kotzebue is 442-3420 and the ADF&G fax number in Kotzebue is 442-2420. DNR, DEC and ADF&G shall be supplied with all follow-up incident reports. See, ADEC/SPAR "Report Oil and Hazardous Substance Spills," attached hereto as Exhibit "D."

Copies of all such written spill reports shall be provided to the Planning Director at the e-mail addresses and fax number listed above in paragraph 13.

- 25. This Permit contains the entire agreement between the Parties relating to the rights herein granted and the obligations herein assumed. Any oral representations or modifications concerning this Permit shall have no force or effect except in a subsequent written modification, signed by the Party to be charged.
- 26. This Permit shall bind and inure to the benefit of the respective successors and assigns of the Parties hereto.
- 27. This Permit shall be interpreted according to the laws of the State of Alaska. Any litigation involving this Permit shall be exclusively in Superior Court, Second Judicial District, at Kotzebue.
- 28. All Parties to this Permit have participated in the drafting of this Permit. Hence this Permit shall not be construed in favor of one Party against another Party.
- 29. This Permit shall expire _____, unless extended by mutual, written agreement of the Parties.

DATED this ____ day of _____, _____ at Kotzebue, Alaska.

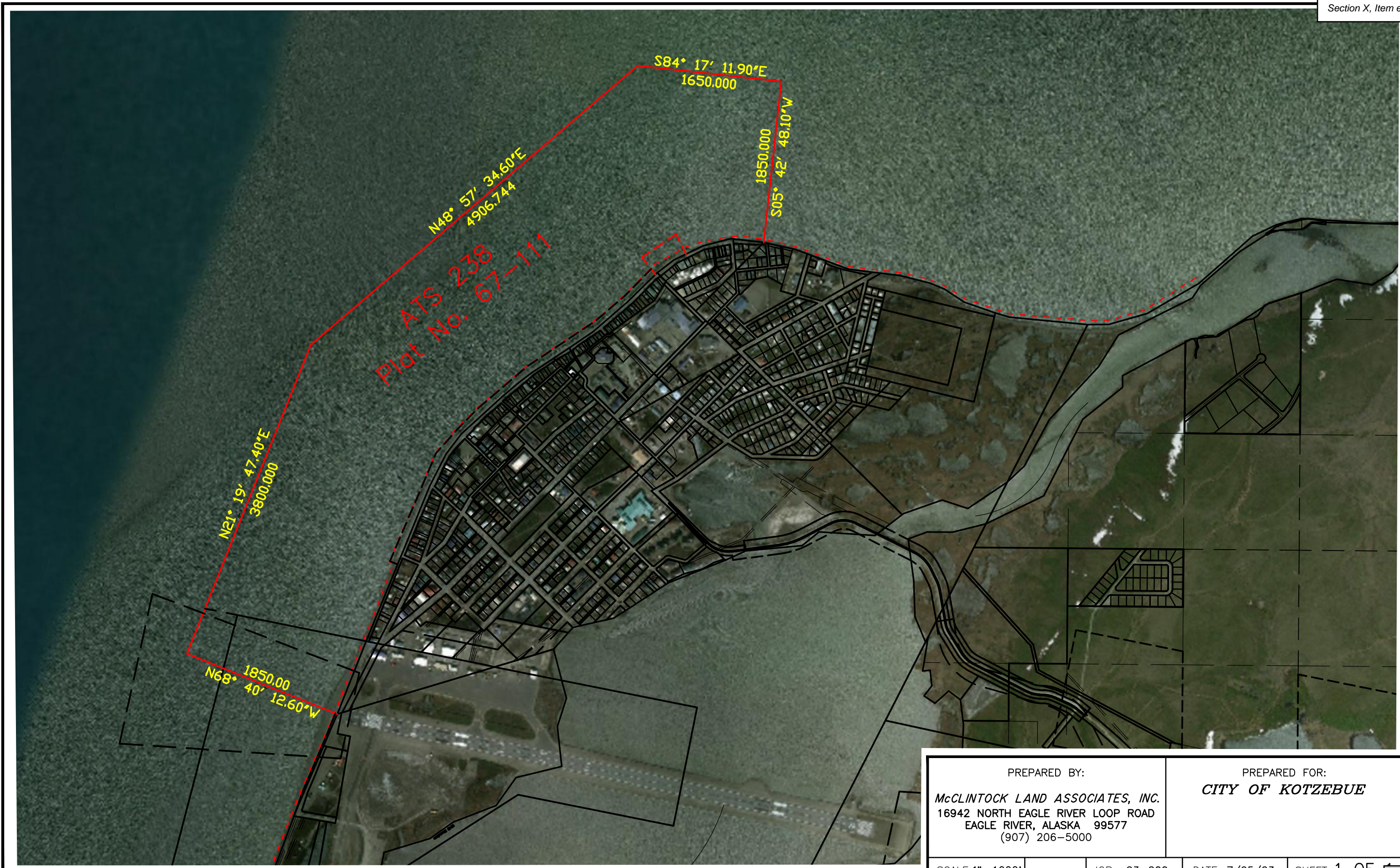
CITY OF KOTZEBUE

COPPER RIVER SEAFOODS

Leon Kiana
City Manager

By: _____
Position: _____

CITY OF KOTZEBUE
Copper River Seafoods
Tidelands Use Permit No. 24-02



PREPARED BY: McCLINTOCK LAND ASSOCIATES, INC. 16942 NORTH EAGLE RIVER LOOP ROAD EAGLE RIVER, ALASKA 99577 (907) 206-5000	PREPARED FOR: CITY OF KOTZEBUE
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SCALE: 1" = 1000'	JOB: 23-200	DATE: 7/25/23	SHEET: 1 OF 1
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**CITY OF KOTZEBUE
RESOLUTION NO. 25-29**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER LEON KIANA OR HIS DESIGNEE FINANCE DIRECTOR MICHAEL LAUGHLIN AS AUTHORIZED SIGNERS ON ALL OF THE CITY’S ACCOUNTS WITH CETERA (TIME VALUE).

WHEREAS, the City of Kotzebue (“City”) has investment accounts with Cetera (Time Value);

WHEREAS, the City Manager has historically had signing authority in line with the performance of City Manager duties as outlined in KMC 2.04.040 and persons authorized to invest city funds as outlined in KMC 3.25.040;

WHEREAS, Leon Kiana was sworn in as City Manager for the City of Kotzebue on April 03, 2025; and,

WHEREAS, these authorized signers will allow the City to more efficiently process payments and the City Manager to perform duties as described.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue authorizes the City Manager Leon Kiana and Finance Director Michael Laughlin as signers on the City’s Cetera (Time Value) accounts.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 5th day of June 2025.

CITY OF KOTZEBUE

Derek Haviland-Lie Mayor

[SEAL]

ATTEST:

Lorraine Hunnicutt Acting City Clerk



**CITY OF KOTZEBUE
RESOLUTION NO. 25-30**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KOTZEBUE AUTHORIZING THE CITY MANAGER LEON KIANA OR HIS DESIGNEE FINANCE DIRECTOR MICHAEL LAUGHLIN AS AUTHORIZED SIGNERS ON ALL OF THE CITY’S ACCOUNTS WITH KEY BANK.

WHEREAS, the City of Kotzebue (“City”) has investment accounts with Key Bank;

WHEREAS, the City Manager has historically had signing authority in line with the performance of City Manager duties as outlined in KMC 2.04.040 and persons authorized to invest city funds as outlined in KMC 3.25.040;

WHEREAS, Leon Kiana was sworn in as City Manager for the City of Kotzebue on April 03, 2025; and,

WHEREAS, these authorized signers will allow the City to more efficiently process payments and the City Manager to perform duties as described.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Kotzebue authorizes the City Manager Leon Kiana and Finance Director Michael Laughlin as signers on the City’s Key Bank accounts.

PASSED AND APPROVED by a duly constituted quorum of the City Council of the City of Kotzebue, Alaska, this 5th day of June 2025.

CITY OF KOTZEBUE

Derek Haviland-Lie Mayor

[SEAL]

ATTEST:

Lorraine Hunnicutt Acting City Clerk



STATE OF ALASKA
**DEFERRED
COMPENSATION**

2023 Plan Information Booklet

DCP
DEFERRED COMPENSATION PLAN

ALASKA DIVISION OF
Retirement
and **Benefits**



Table of Contents

State of Alaska Deferred Compensation Plan. 1

 Welcome 1

 What is Deferred Compensation? 1

General Information 1

 The Board 1

 The Plan Administrator 2

 Empower Retirement Services. 2

Getting Started 3

 Who Can Participate? 3

 Enrolling in the Plan 3

 Contributions 3

State of Alaska Employees 3

Political Subdivision Employees 3

 Contribution Amounts 4

 How Will the Deferred Compensation Plan Work for Me? 4

 Unit Value 6

Managing Your Plan 6

 Choosing Investment Funds 6

 How Do I Get Investment Advice From the Plan? 6

 Managed Account Service (Do-It-For-Me) 7

 Advice (Help-Me-Do-It) 7

 Guidance (Do-It-Myself) 7

Accessing Your Account. 7

 Telephone Access Using KeyTalk® 7

 Internet Access 8

Making Investment Transactions 8

 Received Date 8

 Transaction Settlement Time. 8

 Important Note 9

Changing Your Deferral. 9

Table of Contents

- Catch-Up Provision 10**
 - Age 50+ Catch-up 10
 - Special Catch-up 10

- Administrative Expenses and Fees 11**

- Rights of Spouses and Beneficiaries 12**
 - Death Benefits 12
 - No Beneficiary Designation on File 13
 - Leaving Benefits to Minor Children 13
 - Estates 13
 - Trusts 13
 - Effects of Divorce 13

- Distribution From the Plan 14**
 - Account Withdrawals 14
 - Things to Consider 15
 - Withdrawal Options 15
 - Direct Transfer/Rollover 16
 - How to Elect a Form of Payment 16
 - Tax Withholding 17
 - Hardships 18
 - Fund Management 19

- Communicating with the Plan 19**
 - Confidentiality 19
 - Services Contacts 20
 - Moving 20
 - Conclusion 20

- Glossary 21**

State of Alaska Deferred Compensation Plan

Welcome

Welcome to the State of Alaska Deferred Compensation plan! This handbook provides a brief overview to help you reach retirement readiness in the future. It also provides information for eventual distribution (withdrawal) from the plan. If this booklet differs in any way from the Deferred Compensation plan document, the plan document will rule.

What is Deferred Compensation?

Deferred compensation is an agreement between you and your employer in which a portion of your earnings or wages for work performed, is held back, or deferred, for payment at a future time.

The plan offers you two ways to set aside income for your future; tax deferred now, with taxes applied at withdrawal, or using the Designated Roth Option where contributions are taxed now and earnings received tax-free at withdrawal. As you save for your retirement in the pre-tax model, you also take advantage of having your pre-tax contributions reduce your current taxable gross income which lowers your taxes. If you are always paying taxes at the end of the year, this may be a solution.

With the Designated Roth Option, a separate account is set up in your 457 account for these post-tax contributions. Distributions from the Designated Roth Option are excluded from gross income at the time for withdrawal under certain conditions. You are cautioned against enrolling if your current monthly income is substantially needed to meet your current monthly expenses. You may want to talk with your tax advisor to help you decide if the plan is right for you.

A deferred compensation program is an attractive savings vehicle for many reasons. Your contributions to the Deferred Compensation plan:

- can be taken before taxes, reducing your taxable income; you may be able to save more than you originally thought.
- can be taken after taxes, making your future earnings non-taxable when you eventually distribute.
- help provide more income for retirement to help with inflation or help increase the number of years your retirement income will last.

General Information

The Board

In accordance with AS 37.10.210, the Alaska Retirement Management Board (ARMB) is authorized to select the investment options available to participants. The board is made up of two trustees who are commissioners, and seven other trustees that are appointed by the governor. The trustees must have competence in investment management, finance, banking, economics, accounting, pension administration, or actuarial analysis. The trustees, except the two commissioners, serve four year staggered terms and may be reappointed to the board.

The commissioners serve as long as they are commissioners. The board is comprised of the following trustees:

- The Commissioner of Administration and the Commissioner of Revenue
- Two trustees who are members of the general public
- One trustee who is a finance officer for a political subdivision participating in either PERS or TRS
- Two trustees who are members of the PERS, selected from a list of four nominees submitted by PERS bargaining units
- Two trustees who are members of the TRS, selected from a list of four nominees submitted by teachers' bargaining units

The ARMB is the fiduciary, or the legal entity responsible for the management of your Deferred Compensation plan and is responsible for selecting the investment funds and managers. Investment managers go through a rigorous screening process and are all high-quality firms with significant investment expertise.

Your ARMB trustees have relevant professional experience and a staff of investment professionals to assist them. In addition, the board, consultants, and investment staff continually monitor all investment options and managers to ensure they are achieving their performance targets.

The Plan Administrator

The Deferred Compensation plan is administered by the Division of Retirement and Benefits. The plan administrator is the Commissioner of the State Department of Administration, who delegates day-to-day administrative duties to the Division Director. The plan administrator is responsible for interpretation of the Internal Revenue Code governing this plan. The plan administrator has sole discretion, authority, and responsibility to interpret the plan document and to determine the options available to the participants and beneficiaries. A decision of the plan administrator is binding.

Decisions of the plan administrator can be appealed to the Office of Administrative Hearings (OAH) where an administrative law judge is assigned to hear the appeal. Final decisions by the administrative law judge can be appealed to the Alaska Superior Court.

Empower Retirement Services

The State of Alaska has contracted with Empower Retirement Services (Empower), a division of Great-West Financial Services, to provide recordkeeping, financial advice and financial education services for the Deferred Compensation plan. Empower does not provide any investment options in the plan and receives no commissions based on their recommendations.

Empower is responsible for:

- Maintaining the participant's individual accounts and providing account statements at the end of each quarter.
- Providing financial education to Deferred Compensation plan participants. Participants can receive information on the investment options and discuss investment concepts and retirement planning considerations with Empower representatives based in Anchorage. Empower representatives travel to different areas of the state providing informational seminars and one-on-one counseling. To schedule a counseling appointment with an Empower representative, please call (800) 526-0560. Educational seminars are also available on the Empower website at akdrb.com.
- Providing investment advice. Investment advice is provided by a wholly owned subsidiary of Empower Retirement Services, Advised Assets Group (AAG). Through AAG you are offered access to three different levels of investment advisory tools and services called Reality InvestingSM.
- Providing 24-hour per day, seven days per week access to information and financial education. Service is provided through the Empower website at akdrb.com or by telephone through KeyTalk[®]. Empower offers KeyTalk[®] as a toll-free, touch-tone telephone service that allows you to access your account seven days a week, 24 hours a day (except between 10 p.m. Saturday and 10 a.m. Sunday, Alaska time.)

Getting Started

Who Can Participate?

You are eligible to participate in the Deferred Compensation plan if you are a permanent employee, a long-term nonpermanent employee, an elected official of the State of Alaska, or a full or part-time employee of a participating political subdivision. Eligibility is effective the first day of the month immediately following the completion of a pay period. Employees who perform work in short-term temporary positions are not eligible to participate in the plan.

Participation in the plan is not appropriate for everybody. Among those who should not enroll are:

- Those people who have not yet accumulated regular savings which could be readily withdrawn in event of need. Past experience indicates that if you cannot comfortably afford to defer \$50 per month you probably should not join the plan. Contributions to the plan cannot be removed unless an unforeseen financial hardship arises or your employment is terminated.
- Those people who may expect to have more taxable income after retirement than they do now may want to seek advice from a financial planner prior to enrollment.

Enrolling in the Plan

Enrollment into the plan is available online or by requesting enrollment forms. To enroll online, go to the Empower website akdrb.com and follow the easy step-by-step process. To request enrollment forms, please contact Empower Retirement Services at (800) 526-0560.

Contributions

State of Alaska Employees

Only employee contributions are made to the Deferred Compensation plan. There are no matching employer contributions.

Political Subdivision Employees

Some participating political subdivision employers have elected to make **employer matching contributions** up to a maximum of 6% of employee annual compensation. Employer matching means your employer contributes a certain amount to your Deferred Compensation plan based on the amount of your own standard contribution. The amount of the match will not exceed 6% of your annual compensation. Catch-up contributions, however, are not eligible for the employer match.

Contributions may only be made via deductions from your paycheck. You are 100% vested in your contributions (and Employer Matching Contributions if your employer participates in this option) and any income earned on your investments. Your total contributions can, depending on your investment choices and how the markets perform, also lose value. An increase or decrease to your accounts is called a Change-in-Value. When you terminate employment, you are eligible to be paid the total value of your account balance when you take payment from your account, which includes your contributions and any change in value.

The plan document directs how the plan must operate and requires that State of Alaska Deferred Compensation plan assets are to be held for the exclusive benefit of the participants and beneficiaries. Plan assets are not considered employer assets.

Starting contributions is easy:

1. Decide how much you want to contribute.
2. Choose whether your contributions will be pre-tax or post-tax.
3. Choose your investment options.
4. Enroll online or use the enrollment form.

Contribution Amounts

The minimum amount you (and your employer if you are eligible for an employer match) can contribute is \$50.00 per month (\$25.00 per pay check).

The maximum amount you can contribute is established by the Internal Revenue Code. You will want to pay close attention to your annual contribution amount if you are or have been contributing to a deferred compensation plan with another employer. **It is your responsibility to ensure that your total yearly deferral does not exceed the legal maximum amount allowed by law for each plan year.**

Please refer to the Internal Revenue Service notification of annual contribution limit or contact the Division.

The amount of income available for deferral is your gross income less mandatory deductions and Medicare deductions if applicable.

Money that you defer under the pre-tax model comes out of your paycheck as a pre-tax payroll deduction and is then invested in the investment option(s) that you select. If you choose to participate in the Designated Roth Option, the contribution comes out of your paycheck after taxes are deducted on your gross income.

The amount of contributions you make to the plan are up to you as long as you make the minimum contribution and do not exceed the maximum allowed. For specific recommendations, you should consult with Advised Assets Group, Inc. a wholly owned subsidiary of Empower/Great-West Financial Services (the plan record keeper) or a financial planner who can determine the amount of your contribution based on your goals, assets, liabilities and other savings programs you may have. (See "Managing Your Plan" on page 5 for more information about financial advice services provided by the plan.)

How Will the Deferred Compensation Plan Work for Me?

Pre-Tax Model

One of the advantages of a pre-tax model is that it reduces your tax burden now. As an example of how the plan might work for you, let's assume that a participant of the plan is deferring \$3,600 per year (\$300 monthly), pays 28% of earnings in income tax, and the deferred compensation account earns 6% per year in interest.

The following is a comparison of the result that could be expected if the participant set aside \$3,600 either from taxable income or in the form of pre-tax deferred compensation deductions directly from the participant's paycheck.

	Example 1	Example 2
	<i>Taxable Income</i>	<i>Pre-Tax Deduction</i>
Amount to be saved	\$3,600	\$3,600
Current Income Tax	- 1,008	- 0
Net dollars saved	\$2,592	\$3,600
Interest @ 6%	+ 156	+ 216
Current tax on interest	- 44	- 0
Total at end of year	\$2,704	\$3,816

Note that the \$2,704 is not subject to income tax because tax was already deducted from the amount saved and from the interest earned. But the entire \$3,816, assuming it was withdrawn, would be subject to income tax. If your overall income is lower at withdrawal, you would be taxed at a lower rate. However, even if the same rate of tax (28%) was applied, the participant would still have saved more because of the interest earned.

Designated Roth Option

The plan offers a Designated Roth option that may be advantageous to you. Contributions under the Roth option provide no up-front tax deduction, but distributions in retirement are typically tax-free, having no impact on your taxable retirement income. To withdraw tax-free, you must have contributed to the Roth option for 5 years and be at least 59-1/2 years old.

The Roth option may be beneficial for:

- Younger employees who have a longer retirement timeline and more time to accumulate tax-free earnings.
- Highly compensated individuals who want a pool of tax-free money to draw in retirement.
- Employees who want to leave tax-free money to their heirs.

You can make both pretax and Roth contributions to your plan each pay period. Because the Roth contributions are under the same limits as pre-tax contributions to the plan, the total of pretax and Roth contributions cannot exceed the established annual contribution limit.

In-Plan Conversion Language

The Deferred Compensation plan allows rollovers to a designated Roth account from another account in the DCP plan (an “in-plan Roth rollover”).

Eligible Funds

Any pre-tax DCP balance, including earnings, can be rolled over to the designated Roth account. The rollover must be direct (not a 60-day rollover) if the amount is not otherwise eligible for distribution.

Who Can Elect an In-Plan Roth Rollover?

You, your surviving spouse beneficiary, or alternate payee who is a spouse or former spouse can elect an in-plan Roth rollover.

Your Tax Consequences

An in-plan Roth rollover results in taxable income to you as you are doing a rollover from a pre-tax account to a post-tax account. This will result in the entire amount of the rollover, including earnings, being included in gross income. The amount will be includible in your gross income for the year, so plan for extra taxes for the tax year.

You may want to increase your tax withholding amount or make an estimated tax payment for the period in which the in-plan Roth rollover is completed. The tax due cannot be deducted from your DCP account.

The additional 10% tax penalty does not apply to the amount of an in-plan Roth rollover. However, the distribution may be taxable and subject to the additional early withdrawal tax if you withdraw it from the designated Roth account within five years.

In-Plan Roth Rollover is Irreversible

An in-plan Roth rollover cannot be reversed after the transfer is made. The rolled over amounts cannot later be returned to the transferring pre-tax account.

In-Plan Roth Rollovers Treated as a Distribution

A direct rollover to a designated Roth account is generally treated as a distribution followed by a transfer to the Roth account. But:

- Spousal consent is not required
- The rollover is counted in determining whether the accrued benefit exceeds \$5,000
- Rights to optional forms of distribution aren't eliminated

Tax Withholding on In-Plan Roth Rollovers

The DCP will not withhold taxes from direct rollovers to designated Roth accounts. You must pay the taxes due from other sources of income.

If you receive your distribution in cash, however, the DCP must withhold 20% federal income tax even if you later roll over your distribution to a designated Roth account within 60 days.

Unit Value

Your contributions buy units in the funds you elect to participate in. Unit value is the value of each unit you own in the fund. The number of units purchased by your contribution depends on the unit value at the time your contribution was made. Thereafter, the unit value fluctuates depending upon the value of the underlying securities in the fund portfolio. Funds are valued daily.

The unit value is calculated by, taking the net asset value of all underlying securities, then adding any dividend distributions and deducting the investment management expenses. The value of your investment in any variable option on any given day is determined simply by multiplying the number of units you own by the unit value on that particular day.

The plan fund returns are stated on the basis of share prices. Your deferred compensation plan presents returns based on unit value prices. The unit values are unique and not printed in the newspaper. Also, the Money Market Fund does not experience fluctuations in unit value but maintains a constant value.

The plan publishes a sheet with “Historical Average Annual Total Rates of Return” updated monthly on the Empower website. If you do not have internet access, you can obtain it from an Empower client service representative at the addresses and phone numbers indicated on page 20.

Managing Your Plan

Each payroll, your elected pay period deferral will be deducted from your check and contributed to the plan. Any time your payroll or your year to date salary is insufficient to support a deferred compensation deduction, the deferral will not be taken until your pay is sufficient to support the deduction.

The first deduction will be taken from the first payroll check that runs after the effective date of your enrollment or as soon as administratively possible. Deductions will continue to be taken from each subsequent payroll check as long as you remain in the plan and have sufficient earnings to accommodate your withholding.

Choosing Investment Funds

Once you determine how much you can afford to save and whether to save pre-tax, post-tax, or both, you’ll need to decide how to invest your contributions so your money will have the potential to grow as much as possible while keeping pace with inflation.

You choose the type of investment options you wish to participate in. Information regarding the investment objectives, fund management and risk level for each investment option are found on Empower’s website pages for the Deferred Compensation Plan and are called “Investment Option Detail Sheets”. You may also review how the investment options have performed historically by accessing the information online. You have the choice of managing your investment account on your own by using the investment tools provided by the plan, electing to receive financial advice offered by the plan at group rates, or by working with a private financial planner.

How Do I Get Investment Advice From the Plan?

As a participant in the Alaska Deferred Compensation Plan, you have access to three levels of investment advisory services called Reality Investing. Reality Investing is offered by Advised Assets Group (AAG), a wholly owned subsidiary of

Empower Retirement Services (Empower), the plan record keeper. None of the investment options offered by the plan are owned, managed or sold by either AAG or Empower. These companies provide independent record keeping and advice services and receive no compensation, other than the fees you may pay for the advice option you choose, for their recommendations.

Reality Investing offers you the ability to select a retirement planning strategy based on your comfort level with investing.

Managed Account Service (Do-It-For-Me)

Managed Account Service is geared toward participants who wish to have a qualified financial expert select among the available investment options and manage their retirement account for them. To receive the most from this service, Managed Account participants may include other investment and savings information they may have from outside of the plan to assist in portfolio development. AAG uses this information to produce an investment strategy for your plan contributions but cannot provide any advice regarding any assets you have outside of the plan.

Participants receive a personalized investment portfolio that reflects the selected plan investment options, retirement time frame, different stages of your life and overall financial picture. Participants also receive progress reports and have an opportunity to update their financial information for more accurate portfolio development.

If you want to leave investing to the professionals, this service is for you. You supply the information about your goals and finances, and AAG will manage your account for you by making adjustments and transactions as required by the goals you have established. This service has an annual fee of 0.45% of your account balance.

Advice (Help-Me-Do-It)

If you prefer a hands-on approach to managing your account this service provides you recommendations that are personalized based on your own financial information. You receive a model portfolio which you can elect to implement, savings rate advice and income and wealth projections. You are responsible for seeking the advice and making adjustments to your investment account; adjustments are not automatic. This service is free for unlimited advice access from which you can determine whether to take action.

Guidance (Do-It-Myself)

For those who understand how the market works and prefer to invest on their own, investment information is available to help you make well-educated investment decisions. This service is free.

Accessing Your Account

You can access your account information by telephone or online.

Telephone Access Using KeyTalk®

KeyTalk® is a toll free touch tone service that allows you access 7 days a week, 24 hours a day (except between 10 p.m. Saturday and 10 a.m. Sunday, Alaska time) to:

- Obtain your current account balance
- Obtain daily fund values
- Transfer funds from one investment option to another without submitting forms
- Change allocations of future deposits without submitting forms

To access KeyTalk®, call (800) 701-8255. You will need a Personal Identification Number (PIN). This number is assigned to you when your account is first set up. After accessing KeyTalk® for the first time, you can customize your PIN to a number that is easy for you to remember by choosing the appropriate option from the KeyTalk® menu.

If you don't have access to a touch tone phone and want to make changes or obtain any of the information listed above, call the KeyTalk® number above and press "0". You will be transferred to a client service representative. Client service representatives are available to assist you Monday – Friday, 5 a.m. to 5:30 p.m., Alaska time.

If you don't remember your PIN or cannot locate your PIN, please contact a client service representative.

Internet Access

You can also use the internet to conduct the same transactions and access your account information as you can do through KeyTalk®. You can do this by going to your account at akdrrb.com. You will need your Empower-issued personal identification number (PIN) to access your account.

Making Investment Transactions

If you choose to manage your own account, you may transfer all or a portion of your existing account balance among investment options on a daily basis, subject to the completion of prior transfers. There is no charge for transferring funds.

Transfers and reallocations between investment options may occur daily. Amounts transferred must be in whole percentages only, example; 33%, not 33.33%, or an amount in dollars and cents (e.g. \$12,345.67).

When transferring funds between investment options, the timing of the transfer is determined by two things:

Received Date

- Transfer requests, either made through KeyTalk® or the internet, received by Empower at or before 12 noon, Alaska time (or the market close, Alaska time, if earlier) of a business day are considered to be received on that day.
- Transfer requests received after 12 noon, Alaska time or requests received on a non-business day are considered to be received the following business day.

If you make your transfers online you will be prompted to print your confirmation that includes your reference number after the transaction has finished. This is your only confirmation of your transaction.

You can look at "Completed Transfers" for fund transfers or "Allocation" for future contributions any time after the next day to verify the transaction was successful. The web history also contains the same information as the previous written confirmation.

If you are unable to print a confirmation and would like to obtain one, please call an Empower client service representative at (800) 701-8255 or (800) 232-0859.

Transaction Settlement Time

There are two major types of changes you can make to your account through KeyTalk®:

- Transferring your existing assets among funds, and
- Changing how your future contributions are allocated.

Please make sure you have selected the transaction that accomplishes the changes you would like to make.

When you place a transfer on a business day at or before 12 noon, Alaska Time, you will receive that day's closing "sell" price per unit (Transfer OUT \$s) and that day's closing "purchase" price per unit (Transfer IN \$s). This applies whether you place the transfer through KeyTalk®, a Empower client service representative, or the Empower website. Your transfer must be completed at or before 12 noon, Alaska time.

The transfer confirmation must take place at or before 12 noon. Transfers that are started at or before 12 noon Alaska time, but are NOT completed at or before 12 noon Alaska time, will be processed the NEXT business day.

It can take up to five minutes or more to complete a transfer. You should not try to time your transfer just before the deadline hoping that it will finish in a minute or two. Phone delays, internet delays, and heavy volume can interfere with completing a transfer. PLEASE take possible delays into account.

You may reallocate your new deferrals to different investment options daily, but only the last one received prior to deposit of contributions will be used.

Important Note

If you call KeyTalk® to make changes to your account, please stay on the line until you hear your confirmation number. Write this number down and keep it on file for future reference. If you hang up before you hear your confirmation number, your transaction request may or may not (due to phone transmissions or computer delays) have been recorded for processing. Also, you will receive a written confirmation of your transaction in the mail. It is important for you to review this document for accuracy as soon as you receive it.

Changing Your Deferral

It is important to remember that you can change the amount deferred once each calendar month. A request to increase or decrease the amount of your deferral must be input online or received via KeyTalk® no later than five (5) days from the last day of the month prior to the month in which it is to be effective. You can request your changes either online at the Empower website at akdrb.com, through KeyTalk®, or by submitting a written request to Empower using their change form. You also have the option to choose a future effective date for your deferral change. For example, you could choose to increase your deferral effective the month following your final car payment, or to correspond with a salary increase.

You can discontinue your contributions online at any time online or by notifying Empower in writing. After receipt of notice, deductions will no longer be taken from your paycheck. You may elect to have your contributions stopped effective the next pay period, or you may elect a future date to discontinue your deferrals. You may restart contributions effective the first day of the month following receipt of your deferral election.

You can elect to do a one-time deferral of a cash payment of leave (leave cash-in) of a specific dollar amount or number of hours. Please contact the Division of Retirement and Benefits toll-free at (800)821-2251 or in Juneau at (907) 465-4460 for assistance with this request prior to the calendar month in which you expect the payment to be made. This option helps maximize your deferral for the year or to participate in the plan's catch-up provisions. Please see the following section for more information on catch-up.

When you leave state employment, you can have deferred compensation taken from your final paycheck (called a "terminal leave cash-in") if you submit a written request to your employer's DCP contact. State of Alaska employees must contact the Division of Retirement and Benefits toll-free at (800)821-2251 or in Juneau at (907) 465-4460 for assistance with this request (or email doa.drb.dcp@alaska.gov). The final check includes the payment for all unpaid wages including payment for unused personal/annual leave. The request must be received (and processed) by your payroll office the month prior to your last day of employment. For example: Your last day of work is April 27th. Your request must be received prior to April 1st. Special rules apply to involuntary termination of employment. Please contact the Division for more information.

Catch-Up Provision

Two types of catch-up provisions are available for participants to use to defer additional contributions to their account—the Age 50+ Catch-up and the Special Catch-up provisions. Talk with your State of Alaska/Empower representative for more information on the Age 50+ or Special Catch-up.

Age 50+ Catch-up

The age 50+ Catch-up provision is part of the Section 457(b) of the Internal Revenue Code amended by the Pension Protection Act of 2006. In the tax year in which you turn 50 or older and are actively employed, you can defer an additional amount over the normal deferral limit to your account. Please talk with your State of Alaska/Empower representative in Anchorage, toll-free at (800) 526-0560 for more information on the age 50+ Catch-up.

Special Catch-up

If you are at least three years from normal retirement eligibility and would like to defer more money into the plan, you may be interested in the plan's Special Catch-up provision. Your normal retirement date is based on either your age or years of employment service, depending on your retirement tier.

Participation can begin as early as January 1 of the year in which eligibility is met. The designation of a DCP retirement age pertains only to your DCP funds and nothing else. It is important to remember designation of a DCP retirement age is final and cannot be changed.

Public Employees' Retirement System (PERS)

- Age 55 for normal retirement if you first entered the PERS before July 1, 1986 (Tier I); or
- Age 60 for normal retirement if you first entered the PERS on or after July 1, 1986 (Tier II or Tier III).
- Medicare age-eligible (currently age 65) for normal retirement if you first entered the PERS on or after July 1, 2006 (Defined Contribution Retirement Plan); or
- 30 years of paid service (all employees except peace officers/fire fighters); or
- 20 years of paid service (peace officers/fire fighters Tier I, II or III); or
- 25 years of paid service (peace officers/fire fighters Defined Contribution Retirement Plan).

Teachers' Retirement System (TRS)

- Age 55 for normal retirement if you first entered the TRS before July 1, 1990 (Tier I); or
- Age 60 for normal retirement if you first entered the TRS on or after July 1, 1990 (Tier II).
- Medicare age-eligible (currently age 65) for normal retirement if you first entered the TRS on or after July 1, 2006 (Defined Contribution Retirement Plan); or
- 20 years of paid service (Tier I or II); or
- 30 years of paid service (Defined Contribution Retirement Plan).

Judicial Retirement System (JRS)

- Age 60 for normal retirement if you have at least five years of membership service.

The special catch-up provision allows you to make up for contributions you could have made during previous years of state employment but did not.

You may contribute under the special catch-up provision for a maximum of three consecutive years. Once you start

catch-up, you have the three years to contribute the additional income or this option is lost. If you do not contribute the whole catch-up amount within the three allotted years, you will not be permitted to make up any deficit amount at a later time or with another employer. The catch-up provision may only be used once.

Remember, if you are a political subdivision employee and eligible for employer matching contributions, catch-up contributions are not eligible for the match. Please contact the Empower plan representatives in Anchorage toll-free at (800) 526-0560 to enroll in special catch-up.

Administrative Expenses and Fees

Administrative fees cover the cost of plan administration, record keeping, production and mailing of statements, newsletters and educational material, legal costs, accounting, financial reporting, and all other costs related directly and indirectly to plan operations.

Expenses are charged to your account in order to cover the cost of administration of the plan.

There is an annual record keeping and administrative fee of approximately 0.11% of your account balance (see fee disclosure sheets on the Empower Retirement Services website at akdrb.com for current fees). This fee is charged monthly at 1/12 (one twelfth) the annual rate.

These charges will be assessed to your individual account against all investment options. The fee is calculated on the prior month's ending balance and is assessed in the first week of the month. For example:

- The fees calculated on your March 31st account balance will be assessed in April.
- The fees calculated on your April 30th account balance will be assessed in May.
- The fees calculated on your May 31st account balance will be assessed in June.

The March, April, and May fees will be reflected on your June 30th statement.

There are no front-end loads for investment. This means that there is no commission or sales charge applied at the time of the initial purchase.

In addition to the annual record keeping and administrative fee, some funds have annual investment expenses which vary depending upon the fund you choose. The returns are net of these costs. This means that the balance is the amount remaining after certain adjustments have been made for deductions or expenses.

There currently are no annual fees charged for this plan.

There are no withdrawal fees or IRS penalties for any benefits paid from this plan. All pre-tax funds are subject to federal income tax as they are paid out. Deferred Compensation plan monies can be transferred to another 457(b) plan, an IRA or other qualified plan(s) that accepts them.

The investment management fees associated with each option are available on the Investment Option Year-to-Date Total Returns and Historical Average Annual Total Rates of Return sheets.

Investment management fees are calculated daily and deducted from investment returns during the calculation of the "unit value." A "unit value" is the value of each unit you own in the fund. The number of units purchased by your contribution depends on the unit value at the time your contribution was made. After that the unit value fluctuates depending upon the value of the underlying securities in the fund portfolio. Funds are valued daily. To calculate the unit value, dividend distributions are added and investment fees are deducted from the net asset value of all underlying securities. The value of your investment on any given day is determined by multiplying the number of units you own by the unit value on that particular day.

Rights of Spouses and Beneficiaries

Your Beneficiary Designation is IMPORTANT!

In the event of your death, your account will be paid based on your most recent valid beneficiary designation on file. Empower Retirement Services maintains your beneficiary designations for the plan. Should you have any previous beneficiary designations on file with the Plan Administrator prior to 2009, they will remain in effect if no subsequent designation is filed with Empower. You should update your beneficiaries at akdrb.com, or, if you wish to submit a written request, contact Empower at (800) 232-0859 to request a form. Any changes submitted to Empower will replace any prior designations you may have submitted to the plan.

Your beneficiary designation will appear on your quarterly statements and in your online account.

Your beneficiary designation overrides your will. You may want to consult a financial advisor to help you sort out your estate-tax issues, as well as legal, tax and account-distribution issues facing your beneficiaries.

Death Benefits

If you die prior to receiving benefits, your beneficiary will receive the value of your account. A non-spouse beneficiary may elect any of the available forms of payment, except a joint and survivor annuity, and may defer the pay out of the benefits to a future date. This is subject to certain limitations stated in the plan. If your beneficiary is not your surviving spouse, then your account must be paid in full within five years after your death unless the non-spouse beneficiary chooses a single life annuity pay out.

Spouse Beneficiary

If your beneficiary is your spouse, they can defer payment by not submitting a Distribution/Direct Rollover Request form. Distribution must occur no later than December 31 of the year in which you would have turned age 70-1/2. Spouse beneficiaries may elect any of the available forms of payment, including a joint and survivor annuity.

If you are a surviving spouse or an alternate payee, you may choose to have a payment that can be rolled over, as described above, paid in a direct rollover to an IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to an IRA or to an eligible employer plan. You have the same choices as the participant.

Non-Spouse Beneficiary

If your beneficiary is a non-spouse beneficiary, they must receive payment by December 31 of the calendar year containing the fifth anniversary of your death. Non-spouse beneficiaries will have 20% of their payment withheld for federal taxes. To elect a different tax withholding amount they must select a disbursement option that is for ten or more years in duration and complete a W-4P. Non-spouse beneficiaries may avoid the 20% tax by choosing to roll their payment into an "inherited" IRA. Any required state tax withholding will also be taken from the payment.

Additionally, a non-spouse beneficiary can elect that the account be paid as direct rollover to a traditional IRA, which will be treated as an inherited IRA subject to the minimum distribution rules that apply to beneficiaries. Beginning January 1, 2008, you may choose a direct rollover to an inherited Roth IRA. You cannot choose a direct rollover to an eligible employer plan, and you cannot roll over the payment yourself. (See "Leaving Benefits to Minor Children" below.)

If your beneficiary chooses to have the distribution PAID DIRECTLY to them, the mandatory withholding rules apply.

Married But Electing Non-Spouse Beneficiary

All married participants who name someone other than their spouse as the primary beneficiary for more than 50% are also required to complete the Spousal Consent section on the form.

Effects of Divorce on Beneficiaries

Except as required by a Qualified Domestic Relations Order (QDRO), the cancellation of a spousal beneficiary will occur at the time of the participant's divorce or annulment from the designated spouse unless the participant specifically reaffirms the former spouse as a beneficiary by submitting a new beneficiary designation form to Empower after the date of the divorce or annulment.

Naming Multiple Beneficiaries

If you name more than one beneficiary in the primary or contingent beneficiary category, the surviving beneficiaries in that category will share equally unless otherwise indicated. You can change the designated beneficiary by submitting a new beneficiary designation form at any time. If any information is missing, additional information may be required prior to recording the beneficiary designation. If your primary and contingent beneficiaries die before you do or you do not name a beneficiary, the amounts will be paid based on the terms of the plan document.

In general, the rules briefly described above that apply to payments to participants also apply to payments to surviving spouses of participants and to spouses or former spouses who are "alternate payees." You are an alternate payee if your interest in the plan results from a Qualified Domestic Relations Order (QDRO), which is an order issued by a court, usually in connection with a divorce or legal separation.

No Beneficiary Designation on File

If no valid beneficiary designations exist, your account will be paid based on the plan's default provisions below:

1. Payments shall be made first to the surviving spouse, if the spouse survives the participant for 30 days;
2. If there is no surviving spouse, payments shall be made in equal parts to the surviving children, including adopted children, who survive the participant for 30 days;
3. If there are no surviving children, payments shall be made in equal parts to the surviving parents who survive the participant for 30 days; or
4. If there are no surviving parents, payments shall be made to the participant's estate.

Leaving Benefits to Minor Children

Payments that exceed \$5,000 cannot be paid to a minor child who is the designated beneficiary. If the payment to a minor child exceeds \$5,000, the guardian of the minor child must submit proof of a conservatorship to the Division and payment will be made to the conservatorship. If the benefit is less than \$5,000, payment will be made to the guardian on behalf of the minor child. Beneficiary payments cannot be paid out directly to a minor child under the age of 18 years.

You may want to consult with an attorney or financial planner on your estate planning.

Estates

You may list the estate as your beneficiary, including the personal representative, if known. If the estate is a default beneficiary, the personal representative papers can be sent in at the time of the death.

Trusts

When a trust is named as a beneficiary, you must submit the affidavit of trust, or the first and last pages of the trust, with the beneficiary form naming the trust as the beneficiary.

Effects of Divorce

If you have a Deferred Compensation account while you are married, all or a portion of your DCP assets may be considered marital property and subject to a division in the event of a divorce. To divide your DCP benefits, you must have a Qualified Domestic Relations Order (QDRO) filed with the plan to effectuate the split. Your account will be divided per the QDRO

and a portion of your assets will be placed into a new account for your ex-spouse, also called the alternate payee. The alternate payee may then determine to keep the account in the plan or to request a disbursement of the funds at that time. Future contributions from you will be posted into your original account.

IMPORTANT: If you have had a divorce during your participation in the DCP, you will not be able to withdraw your funds until the divorce documents and any required QDRO are on file with the plan. Even if there is no attachment granted to the ex-spouse for a portion of your DCP assets, your divorce documents must be on file to affirm the ex-spouse has no rights before a withdrawal can occur.

Please contact your State of Alaska/Empower representative toll-free at (800) 360-1192, Option 1 for more information regarding QDRO requirements and filing.

Distribution From the Plan

Account Withdrawals

Withdrawal of your account is not required until you reach the required minimum distribution age. If you choose to withdraw, funds may be withdrawn at any age in the event of:

- Separation from service (includes retirement)
- Proven unforeseeable emergency (as defined by the Internal Revenue Code)
- Death

An employee aged 59-1/2 is eligible to elect an in-service distribution of his or her Account. The in-service distribution can be made in whole or in part. Partial distributions cannot be requested more than two (2) times in a calendar year.

If you stop your contributions, you are not eligible to begin taking payment from the plan until you terminate employment. In the event of your death, funds will be available to your beneficiary. Your money remains invested until your account balance is zero.

Withdrawals are made directly to you or your beneficiary or to another qualified plan on your behalf at your directions. There are only four recognized exceptions that would allow your account to be paid directly to another person or agency other than yourself. They are:

- An IRS lien for unpaid taxes
- A Qualified Domestic Relations Order (QDRO) issued by a court of law
- An Order to Withhold and Deliver Property issued by the Child Support Services Division (CSSD)
- Restitution to a victim of a crime

QDROs must be approved and accepted by the plan before your account can be paid to your ex-spouse—the alternate payee. You must arrange with the court to have a certified copy of the court order sent to Empower Retirement Services (Empower). The courts do not automatically send these documents. Payments to an alternate payee under a QDRO may begin after the QDRO has been accepted by the plan and all required payment forms have been submitted. The plan must honor a properly executed IRS lien, QDRO, or CSSD order. If you believe the issuing agency has incorrectly applied an order to your account, you must get the IRS, CSSD, or the courts to issue a corrected order. There are no provisions for early withdrawal—hardship or otherwise—that apply to an IRS lien or CSSD order. Payments under an IRS lien or CSSD order cannot begin until you are eligible to receive payment.

Qualified Birth or Adoption Distribution

- Made to the Participants within one-year beginning at birth or legal adoption if finalized.
- The distribution may not exceed \$5,000 per birth or adoption.

Small Account Distribution

- A one-time only distribution of the entire account if the account is valued at \$5,000 or less.
- Participant has had no Deferred Compensation for two-years prior to ending on date of the distribution.
- Participant has not previously received a distribution request.

Things to Consider

When you terminate employment and have an opportunity to withdraw your funds, please consider the following:

- Deferred compensation funds are taxable income as you receive them. You may want to choose a method of payment that spreads your account balance across tax years.
- Consider your future needs before cashing out your deferred compensation nest egg, particularly your future retirement years. Experts say most people will live on retirement benefits longer than they worked to earn them. Using deferred compensation as part of your future retirement income will reduce your risk of outliving your money.
- Deferred compensation plan and management fees are very low compared to the private sector. If you are planning on reinvesting your money, be sure to compare the fees for the services you will receive from a private provider versus the fees you pay for investment advice if you leave your money in the plan.

Withdrawal Options

The actual dollar amount you will receive depends on such factors as the amount deferred, how your investments performed, the payment option you select and your life expectancy.

When you choose to distribute, your account value may be applied to the payment option(s) you choose. These options include:

- **Lump Sum**
A single payment of your account balance or a portion of it. (See “Direct Transfer/Rollover” below.)
- **Periodic Payment**
A payout method that allows you to be paid by either selecting a specific dollar amount or the number of years over which your account will be paid to you, or by selecting IRC Minimum Distribution payments (you must be at least age 70-1/2 for the minimum distribution). You may choose the frequency of your payments as (monthly, quarterly, semi-annually or annually).

You can make changes to the payment frequency or amount, or stop it.

- **Five-Year Period Certain Annuity**
Equal monthly payments for five years (60 months). If you die before receiving all 60 payments, your beneficiary will receive the remaining benefit payments.
- **Ten-Year Period Certain Annuity**
Similar to the five-year period certain but for ten years (120 months).
- **Fifteen-Year Period Certain Annuity**
Similar to the five year period certain but for fifteen years (180 months).
- **Single Life Annuity**
Monthly payments for your life. No payments are made to your beneficiary after your death.

- **Single Life Annuity with Ten-Year Period Certain**
Monthly payments for the rest of your life. If you die before 120 payments have been made, your beneficiary will receive the remaining benefit payments.
- **Single Life Annuity with Fifteen-Year Period Certain**
Monthly payments for the rest of your life. If you die before 180 payments have been made, your beneficiary will receive the remaining benefit payments.
- **50% Joint and Survivor Annuity**
Monthly payments for your lifetime. After your death, your survivor will receive one half of the monthly amount you were receiving for his/her lifetime. Your survivor does not have to be your spouse.
- **100% Joint and Survivor Annuity**
Similar to the 50% Joint and Survivor but, after your death, your survivor would receive the same benefit amount you were receiving for his/her lifetime. Your survivor does not have to be your spouse.
- **Partial Distribution**
You will be allowed to take up to two partial distributions from your account per year.

Direct Transfer/Rollover

Direct transfers to Roth IRAs will be taxed in the year of the transfer if the rollover comes from pre-tax contributions; however, there will be no income tax withholding taken from the payment. No income tax withholding will be taken if you are rolling contributions from your Designated Roth Option to a Roth IRA. If you are age 70-1/2 or greater at the time of payment, a portion of the payment will have to be paid directly to you in order to satisfy Internal Revenue Service minimum distribution requirements.

How to Elect a Form of Payment

Payments are authorized 60 days after termination of employment (for any reason) unless you waive the normal 60-day waiting period. If you waive the 60-day waiting period, your account is authorized for payment after the payroll system updates your termination and all contributions have posted. You should allow for a minimum of five business days after payment is authorized before you will receive your distribution.

To begin receiving payment you must meet the requirements stated above. Next, you must submit the Distribution/Direct Rollover Request form to Empower for payment. You should complete all sections of the form that apply to you. Each section serves a specific purpose and helps to determine if all requirements for payment have been met. Payments will not be issued without receipt of the required payment form.

The date of payment depends on when the Distribution/Direct Rollover Request form is received, your termination date, and if the 60-day waiting period has been waived. Assuming the waiting period has been met, payment can be made within five business days of receipt of the completed form by Empower.

If you have been involved in a divorce, dissolution, or legal separation, you must submit proof of these circumstances before you can receive payment of your account. You must provide a court-certified copy of the appropriate divorce, dissolution, or QDRO. Because of the very detailed and specialized nature of this type of situation, you should contact Empower Retirement Services at the earliest possible time so that you know what specific information is required.

You should be aware that making any false or fraudulent statement for the purpose of obtaining benefits or to avoid making payments due to others is a criminal offense punishable by law.

Depending on the payout option you select, you may be required to provide proof of birth date for yourself as well as your designated survivor. A birth certificate or a government-issued ID is considered acceptable forms of proof of birth date.

If you are terminated from employment and not subject to the IRS Required Minimum Distribution rule and do not desire to be paid currently, you do not need to submit a Distribution/Direct Rollover Request form until the time you wish to be paid or reach the required distribution age.

Tax Withholding

Deferred compensation contributions are considered deferred wages and not retirement contributions, therefore no tax penalties are applied for early withdrawal before age 59-1/2. Payments from the plan of pre-tax contributions are fully taxable for Federal Income tax purposes. Any federal withholding that is taken from your payments is automatically reported to the IRS. You will receive a 1099R tax form in January of the following year after payment is received for tax filing. Payments from the plan of post-tax Designated Roth Option contributions are exempt from taxes if you are at least age 59-1/2 and have held the Roth account for at least five years.

Based on a participant's residence, as indicated by the participant's mailing address, the plan may be required to additionally withhold for state tax. Residency for this purpose is determined by the address you provide on the payment form for payment mailing.

States with such mandatory withholding, at varying rates, include but may not be limited to: California, Delaware, Georgia, Hawaii, Iowa, Kansas, Maine, Massachusetts, North Carolina, Oklahoma, Oregon, Vermont, and Virginia.

Mandatory Withholding

If any portion of your payment is eligible to be rolled over to an IRA and you do not elect to make a DIRECT ROLLOVER, the plan is required by law to withhold 20% of the taxable amount of your pre-tax contributions or ineligible earnings on your Designated Roth Option contributions. Ineligible contributions are contributions to the Roth Option if the Roth Option has not been held for five years and you are not age 59-1/2. This amount is sent to the IRS as federal income tax withholding. For example, if you can roll over a taxable payment of \$10,000, only \$8,000 will be paid to you because the plan must withhold \$2,000 as income tax. However, when you prepare your income tax return for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from the plan. You must report the \$2,000 as tax withheld, and it will be credited against any income tax you owe for the year. There will be no income tax withholding if your payments for the year are less than a total of \$200.

If the option you select results in your payments lasting less than ten years and are IRA rollover eligible, the plan is required by federal tax laws to withhold 20% federal tax withholding. Periodic payments and monthly annuities lasting ten years and longer are not IRA rollover eligible. For these payments it is necessary to submit the W-4P tax form showing your tax withholding election. For payments lasting ten years or longer, if you do not submit the W-4P the tax withholding will default to married plus three exemptions.

The 20% withholding rule applies only to amounts paid to you. Payments exempt from this rule are:

- Payments that are transferred directly from the plan to another IRA or other qualified employer plan, or
- For a continuing annuity that is at least 10 years in length.

It is important to understand that the 20% withholding is not a penalty or an additional tax. Participants are required to pay income taxes eventually on all distributions and the IRS requires withholding at this level at the time of payment. Your actual tax liability is determined based on the amount of income and expenses you receive during the tax year. You may owe more or less than the 20% withheld at the time of payment. Each participant's tax situation is unique and should be carefully evaluated. You may wish to consult with a tax professional regarding the potential effect of a withdrawal on your tax liability.

An exception to the 20% mandatory withholding rule is for payments made to non-spouse beneficiaries. For non-spouse beneficiaries federal tax withholding is 10% of the payment amount unless the non-spouse beneficiary completes a W-4P to elect no tax withholding or to elect additional tax withholding.

If you transfer your DCP account to an IRA, all of the normal penalty rules applicable to those plans will then apply.

The State of Alaska, the Deferred Compensation plan, and Empower Retirement Services (Empower) do not give tax advice. You are solely responsible for determining how federal tax laws affect your particular situation. You should contact the Internal Revenue Service or your tax advisor as necessary.

A closer look at tax withholding is provided below.

Voluntary Withholding

If any portion of your payment is taxable but is not eligible to be rolled over into an IRA, the mandatory withholding rules do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, an amount will be taken out of this portion of your payment for federal income tax withholding. To elect out of withholding, complete and submit the federal tax form W-4P.

Sixty-Day Rollover Option

If you receive a payment that is rollover eligible, you can still decide to roll over all or part of it to an IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over, you must contribute the amount of the payment you received to an IRA or eligible employer plan within 60 days after you receive the payment. Unless you roll over your pre-tax distribution to a Roth IRA, the portion of your payment that is rolled over will not be taxed until you take it out of the IRA or eligible employer plan. If you roll pre-tax contributions over to a Roth IRA, the distribution will be included in your taxable income for the year in which it was paid to you. No taxes will be due if you roll your Designated Roth Option contributions over to a Roth IRA.

If you want to roll over a pre-tax payment you received to a traditional IRA or eligible employer plan, you can roll over up to 100% of your payment, including an amount equal to the 20% of the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the 20% that was withheld. On the other hand, if you roll over only the 80% of the taxable portion that you received, you will be taxed on the 20% that was withheld.

Example: The taxable portion of your payment that can be rolled over is \$10,000, and you choose to have it paid to you. You will receive \$8,000, and \$2,000 will be sent to the IRS as income tax withholding. Within 60 days after receiving the \$8,000, you may roll over the entire \$10,000 to a traditional IRA or an eligible employer plan. To do this, you roll over the \$8,000 you received from the plan, and you will have to find \$2,000 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or an eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,000 withheld.

If, on the other hand, you roll over only \$8,000, the \$2,000 you did not roll over is taxed in the year it was withheld. When you file your income tax return, you may get a refund of part of the \$2,000 withheld. (However, any refund is likely to be larger if you roll over the entire \$10,000.)

The rules described above are complex and contain many conditions and exceptions that are not included in this notice. To obtain additional information on federal (not state or local) tax rules that might apply to your payment, you may want to consult with the Plan Administrator or a professional tax advisor before you take a payment of your benefits from your plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income, and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's website at irs.gov, or by calling (800) TAX-FORMS.

Hardships

As an active employee, the plan does not allow any withdrawals until you are terminated from employment.

But if you experience an unforeseen financial emergency you may be able to receive a hardship withdrawal. There are strict provisions for hardship withdrawals. They can be requested from Empower on the behalf of the Plan Administrator or designee, but you must prove you are experiencing an unforeseen and extreme financial emergency and provide evidence demonstrating that you have exhausted all other reasonable alternatives. This includes stopping your deferrals and cashing out the maximum allowable personal/annual leave.

All hardship withdrawals are subject to the applicable requirements of the Internal Revenue Code and regulations.

Payment of an approved hardship withdrawal occurs when all the necessary information is received and generally within five business days after the Plan Administrator's or designee's approval is given.

Fund Management

Fund management is based on the goals and objectives set for each fund option by the Alaska Retirement Management Board (ARMB). The fund options range from low, medium to high risk to meet participant objectives and risk tolerance. Fund managers work to meet the goals set out by the ARMB.

For more detailed information related to specific funds, please refer to a current Investment Option Detail Sheet. Investment Option Detail Sheets can be obtained through a client service representative at Empower at (800) 232-0859, a client service representative, or on the Empower website at akdrb.com.

Communicating with the Plan

Confidentiality

Your account balance and any information related to your account is available to you with proper identification. Administrative regulations do not allow the release of information regarding personal or financial data to anyone other than you without your prior written authorization, unless the inquiring party has a subpoena or a court order to secure the information. Information may, however, be released to your employer, your former employer, if they are a plan member, or any authorized state agency.

Your spouse or legal counsel is not entitled to information about your account without a properly executed release or a court subpoena if no release is available.

You can go online to conduct the same transactions you can do through KeyTalk®:

- Obtain your current account balance
- Obtain daily fund values
- Transfer funds from one investment option to another without submitting forms
- Change allocations of future contributions without submitting forms

Contact Empower for the following transactions:

- Starting contributions under the plan
- Changing the total amount of your monthly contributions either increase or decrease
- Stopping your contributions
- Requesting a pay out of your account or making a payment deferral election upon termination
- Changing your beneficiary information
- Changing your address only if you are terminated from employment

You can do all of the above by visiting the Empower website at akdrb.com. You can also find additional financial education, planning, and advice online via the Internet.

Contact the Anchorage Empower office for the following services:

- Roth in-plan transfer
- Age 50 catch-up information
- Special catch-up enrollment (within 3 years of retirement eligibility)
- Financial readiness reviews with an Empower counselor

Services Contacts

Empower Retirement Services

Transactions, balance inquiry: (800) 232-0859 or
(800) 526-0560
Fax: (866) 745-5766
Website: akdrb.com

Mailing Address:

Empower Retirement Services
P.O. Box 173764
Denver, CO 80217-3764

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Empower Retirement Services
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Anchorage Empower Office

Toll-free: (800) 526-0560
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DCP QDRO

Toll-free: (800) 360-1192 Option 1

Division of Retirement and Benefits

State of Alaska Terminal Leave Cash-In Requests Only

Toll-free: (800) 821-2251
In Juneau: (907) 465-4460
Fax: (907) 465-3086

Mailing Address:

Alaska Deferred Compensation Plan
P.O. Box 110203
Juneau, AK 99811-0203

Alaska Retirement Management Board

Investment Options, Performance

Phone Number: (907) 465-3749

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ARMB
Alaska Department of Revenue
Treasury Division
P.O. Box 110400
Juneau, AK 99811-0400

Moving

If you are an active contributing employee of the State or a participating employer, you must change your address through your employer's payroll office. If you are no longer employed with the State or participating employer, you must contact Empower directly to update your mailing address.

Conclusion

This publication is also available in alternative communication formats upon request. To make necessary arrangements, contact the Member Services Contact Center at the Division of Retirement and Benefits toll-free at (800) 821-2251, in Juneau at (907) 465-4460, or TDD for the hearing impaired at (907) 465-2805.

This plan summary is not intended to interpret, extend, or change the statutes and regulations that comprise the plan document in any way. It merely summarizes it for you. The plan document will govern in the event of any discrepancy between the plan summary and the provisions of the plan. You may view the plan document on the Empower website at akdrb.com or request a hard copy from the Division of Retirement and Benefits.

The plan document is defined as an eligible deferred compensation plan under Internal Revenue Code (IRC) Section 457. You can view the IRC at IRS.gov.

Copies of the plan document are available on the Division of Retirement and Benefits' website at alaska.gov/drbb. If you do not have internet access, please contact the Division. Investment information can be found online at the Empower website or by calling Empower Retirement Services toll-free at (800) 232-0859.

Glossary

Account

An investment account within the Trust Fund, established for each Plan Participant, Beneficiary, or Alternate Payee for the purposes of allocation of Employee contributions and the investment and reporting of the Participant's benefit under the plan.

Act

Chapter 45 of Title 39 of the Alaska Statutes, as now in force or hereafter amended.

Actuarial Equivalent

Benefits of equal value to the aggregate amounts expected to be received under different forms of payment, based upon annuity purchase rates established by the Administrator at the time the benefit is to be determined.

Alternate Payee

The spouse, child, or other dependent of a Participant for whom an amount has been separated into an account under a domestic relations order described in Article VIII.G.

Annual Deferral

The amount of compensation deferred in any taxable year as a pre-tax deferral, Roth contribution, or both.

Beneficiary

The person or persons entitled under the provisions of this plan to receive benefits after the death of a Participant.

Compensation

The total remuneration earned by an Employee for personal services rendered, including cost-of-living differentials, as reported on the Employee's Federal Income Tax Withholding Statement (Form W-2) from the Employer for the calendar year, plus the wage reduction amount contributed to the plan.

Notwithstanding the above, compensation shall also include any amount which is contributed by the Employer pursuant to a salary reduction agreement and which is not includible in the gross income of the Employee under sections 125, 132(f)(4), 401(a), 402(e)(3), 402(h)(1)(B) or 403(b) of the Code.

Deferred Compensation

All compensation which is deferred by payroll deduction in accordance with the provisions of this plan.

Designated Roth Option

A designated Roth account is a separate account in the 457(b) plan that holds designated Roth contributions. Designated Roth contributions are elective deferrals that the participant elects to include in gross income. Qualified distributions from a designated Roth option are excluded from gross income when the participant is age 59-1/2 or older and has held the Roth account for at least five years.

Employee

(1) any person (and only such person), including an officer, who is employed by the Employer and whom the Employer determines in the exercise of its sole discretion to be a common law employee who is rendering personal services to the Employer on a permanent employment basis, where the term permanent employment shall exclude short-term non-permanent (but include long-term non-permanent), and also exclude temporary, casual, emergency, intermittent or poverty employment; (2) any person elected or appointed to a term of office with the Employer; and (3) any person who performs services in the capacity of an independent contractor as a member of a board or commission of the State of Alaska.

Glossary

Employer

The State of Alaska, a participating political subdivision, or public organization.

Employer Matching Contribution

A political subdivision or public organization of the state of Alaska who has contracted to participate in the plan may elect to make matching contributions up to 6% of the employee's compensation to the employee contribution account. Employee catch-up contributions under Article III.C.2 of the Deferred Compensation plan document shall not be eligible for Employer Matching Contributions. Employer Matching Contributions are not compensation and shall not be included as compensation for any purpose under the Public Employees' Retirement System, Teachers' Retirement System, or Judicial Retirement system. Employer Matching Contributions are tax-deferred, and the total of employee and employer contributions cannot exceed the maximum amount allowable under Internal Revenue Code section 457(b)(2).

Includible Compensation

Compensation for services performed for the Employer as defined in Code section 457(e)(5).

Internal Revenue Code or Code

The Internal Revenue Code of 1986, as amended from time to time.

Investment Provider

A corporation or individual selected to provide a particular investment vehicle to the Trust Fund through which a Participant, Beneficiary, or Alternate Payee, by exercising his or her control, is permitted to direct the Trustee or Trustees to purchase investments on his or her behalf.

Investment Funds

Those separate funds which are provided within and which comprise the Trust Fund, and are established for the purpose of directing investments through the exercise of the sole control of a Participant, Beneficiary or Alternate Payee under the terms of the Plan and Trust Agreement.

Normal Retirement Age

Age 70 before March 1, 2006, and 70-1/2 on or after March 1, 2006, unless the Participant makes a one-time written election to reduce normal retirement age. This election is irrevocable. Such election will be valid only if the Participant would have the required number of years of service for normal retirement age under AS 39.35.370. Any Participant who has at any time used the catch-up provisions of Article III, Paragraph C, Subparagraph 2 may not subsequently change his retirement age.

A Participant who continues in the employ of the Employer after reaching Normal Retirement Age shall continue to participate in the plan and may have contributions allocated to his or her Account.

Participant

Any Employee or former Employee who retains a right to benefits under the plan.

Plan

The "State of Alaska Deferred Compensation plan" issued May 31, 1974, amended January 17, 1980, October 1, 1981, October 1, 1982, October 28, 1982, December 31, 1983, May 1, 1986, November 1, 1993, November 15, 1994, April 1, 1995, January 1, 1997, July 1, 1998, January 1, 2002, April 1, 2003, March 1, 2006, February 2, 2010 and includes any future amendments.

Glossary

Plan Administrator or Administrator

The Commissioner of Administration, State of Alaska, or the Commissioner's designee. The Plan Administrator shall be responsible for the administration and interpretation of the plan and shall establish and carry out a funding policy consistent with the purposes of the plan.

Record Keeper

An operating entity selected by the Plan Administrator to provide administrative services on behalf of the plan.

Termination of Employment

The termination of the Employee's employment with the Employer for any reason, or the expiration of the term of office of an elected or appointed Employee.

Trustee(s)

That corporation and/or individuals who are designated by the Commissioner of Administration of the State of Alaska as a Trustee or Trustees of the Alaska Deferred Compensation plan Trust.

Trust Fund

All cash, securities, real estate, and any other property, together with income thereon, of this plan held by the Trustee pursuant to the terms of the State of Alaska Deferred Compensation plan Trust Agreement entered into between the State of Alaska and the Commissioner of the Department of Revenue, as the designated Trustee, as such agreement may subsequently be amended from time to time.

STATE OF ALASKA

Division of Retirement and Benefits

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Juneau, AK 99811-0203

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Alaska Deferred Compensation Plan

*For Employees of the State of Alaska
and participating Political Subdivisions*

Plan Document

As in Effect on the Date of Publication of this Booklet
(EFFECTIVE CHANGE DATE January 1, 2023)

Table of Contents

- Article I. Definitions D-3
 - A. Account D-3
 - B. Act D-3
 - C. Actuarial Equivalent D-3
 - D. Alternate Payee D-3
 - E. Beneficiary D-3
 - F. Compensation D-3
 - G. Deferred Compensation D-3
 - H. Designated Roth Account D-3
 - I. Employee D-3
 - J. Employer D-3
 - K. Employer Matching Contribution D-3
 - L. Includible Compensation D-4
 - M. Internal Revenue Code D-4
 - N. Investment Provider D-4
 - O. Investment Funds D-4
 - P. Normal Retirement Age D-4
 - Q. Participant D-4
 - R. Participation Agreement D-4
 - S. Plan D-4
 - T. Plan Administrator or Administrator D-4
 - U. Record Keeper D-5
 - V. Termination of Employment D-5
 - W. Trustee(s) D-5
 - X. Trust Fund D-5
 - Y. Total Contribution(s) D-5
 - Z. Terminal Leave Pay D-5
- Article II. Eligibility and Participation D-5
 - A. Eligibility Requirements D-5
 - B. Participation D-5
- Article III. Employee Contributions D-5
 - A. Source of Deferred Compensation D-5
 - B. Minimum Amount of Deferred Compensation D-6

- C. Maximum Amount of Deferred Compensation D-6
- D. Changing Amount of Deferred Compensation. D-6
- E. Temporary Suspension or Decrease of Deferred Compensation. D-6
- F. Ceasing Deferred Compensation D-7
- G. Reinstatement of Deferred Compensation D-7
- H. Correction of Excess Deferrals D-7
- I. Terminal Leave Pay D-7
- Article IV. Allocations to Employees' Accounts D-7
 - A. Accounts D-7
 - B. Plan-to-Plan Transfers. D-8
 - C. Amounts Placed in Trust, Fees and Adjustments. D-9
 - D. Valuation of Trust Fund D-10
 - E. Participant Election to Direct Investments Among Available Investment Funds D-10
- Article V. Vesting and Payment of Benefits D-10
 - A. Vesting D-10
 - B. Eligibility for Payment. D-11
 - C. Hardship Withdrawals for an Unforeseeable Emergency D-11
 - D. Distribution Requirements D-12
 - E. Benefit Commencement Date D-13
 - F. Form of Payment D-14
 - G. Changing Elections D-17
 - H. Failure to Elect a Form of Payment D-17
 - I. Late Contributions D-17
 - J. Reemployment After Benefits Have Commenced D-17
 - K. Return of Overpayments and Interest on Overpayment Amounts D-17
 - L. Qualified Birth or Adoption Distributions D-18
 - M. Coronavirus-Related Distributions D-18
 - N. Waiver of 2020 Required Minimum Distributions. D-19
- Article VI. Beneficiaries. D-19
 - A. Designation. D-19
 - B. Failure to Designate a Beneficiary D-20
 - C. Payments to Beneficiaries D-20
- Article VII. Amendment and Termination. D-20
 - A. Amendment D-20
 - B. Termination, Partial Termination, or Complete Discontinuance of Contributions D-20
 - C. Nonreversion D-21
- Article VIII. Miscellaneous D-21
 - A. Limitation of Rights; Employment Relationship D-21
 - B. Transfer of Assets of Plan D-21
 - C. Safeguard Provision D-21
 - D. Interpretation; Severability D-21
 - E. Plan Administration D-22
 - F. Form of Election D-22
 - G. Domestic Relations Orders D-22
 - H. Participant Loans D-22
 - I. Treatment of Persons Who Serve in a Uniformed Service. D-22
- Amendments D-24

The State of Alaska (hereinafter referred to as the "Employer") herewith establishes a deferred compensation plan for the benefit of its eligible employees, under Internal Revenue Code section 457(b), as follows:

Article I. Definitions

- A. "Account" means an investment account within the Trust Fund, established for each Plan Participant, Beneficiary, or Alternate Payee for the purposes of allocation of Employee contributions and the investment and reporting of the Participant's benefit under the Plan.
- B. "Act" means Chapter 45 of Title 39 of the Alaska Statutes, as now in force or hereafter amended.
- C. "Actuarial Equivalent" means benefits of equal value to the aggregate amounts expected to be received under different forms of payment, based upon annuity purchase rates established by the Administrator at the time the benefit is to be determined.
- D. "Alternate Payee" means the spouse, child, or other dependent of a Participant for whom an amount has been separated into an account under a domestic relations order described in Article VIII.G.
- E. "Beneficiary" means the person or persons entitled under the provisions of this Plan to receive benefits after the death of a Participant.
- F. "Compensation" means the total remuneration earned by an Employee for personal services rendered, including State of Alaska employee cost-of-living differentials, as reported on the Employee's Federal Income Tax Withholding Statement (Form W-2) from the Employer for the calendar year, plus the wage reduction amount contributed to the Plan, but does not include Employer Matching Contributions as defined herein.

Notwithstanding the above, compensation shall also include any amount which is contributed by the Employer pursuant to a salary reduction agreement and which is not includible in the gross income of the Employee under sections 125, 132(f)(4), 401(a), 402(e)(3), 402(h)(1)(B) or 403(b) of the Code.

- G. "Deferred Compensation" means all Compensation which is deferred by payroll reduction on a pre-tax basis in accordance with the provisions of this Plan.
- H. "Designated Roth Account" A Designated Roth account is a separate account in the 457(b) plan that holds designated Roth contributions. Designated Roth contributions are elective deferrals that the participant elects to include in gross income. Qualified distributions from a Designated Roth Account are excluded from gross income when the participant is age 59-1/2 or older and has held the Roth account for at least 5 years.
- I. "Employee" means (1) any person (and only such person), including an officer, who is employed by the Employer and whom the Employer determines in the exercise of its sole discretion to be a common law employee who is rendering personal services to the Employer on a permanent employment basis, where the term permanent employment shall exclude short-term nonpermanent (but include long-term non-permanent), and also exclude temporary, casual, emergency, intermittent or poverty employment; (2) any person elected or appointed to a term of office with the Employer; and (3) any person who performs services in the capacity of an independent contractor as a member of a board or commission of the State of Alaska.
- J. "Employer" means the State of Alaska or a State of Alaska political subdivision or public organization who has contracted to participate in the plan by executing a Participation Agreement under AS 39.45.020.
- K. "Employer Matching Contribution" A political subdivision or public organization of the state of Alaska who has contracted to participate in the plan may elect to make matching contributions up to 6% of the Employee's Compensation to the Employee contribution account. Employee catch-up contributions under Article 111.C.2. shall not be eligible for Employer Matching Contributions. Employer Matching Contributions are not Compensation under

AS 39.35.680(9) and shall not be included as Compensation for any purpose under the Public Employees' Retirement System, Teachers' Retirement System, or Judicial Retirement System. Employer Matching Contributions shall be derived from a source other than from the Compensation earned by an Employee for personal services rendered to the Employer. Employer Matching Contributions are tax deferred. The Total Contributions may not exceed the maximum amount allowable under Internal Revenue Code section 457(b)(2), as adjusted by the Internal Revenue Service. Employees are 100% vested in Employer Matching Contributions at the time the contributions are paid to the plan.

- L. **"Includible Compensation"** means Compensation for services performed for the Employer as defined in Code section 457(e)(5) up to the limits as proscribed by the Internal Revenue Service. Nothing in this definition shall be construed to mean that Employer Matching Contributions are includable as compensation for the purposes of AS 39.35.680(9).
- M. **"Internal Revenue Code"** or **"Code"** means the Internal Revenue Code of 1986, as amended from time to time.
- N. **"Investment Provider"** means a corporation or individual selected to provide a particular investment vehicle to the Trust Fund through which a Participant, Beneficiary, or Alternate Payee, by exercising his or her control, is permitted to direct the Trustee or Trustees to purchase investments on his or her behalf.
- O. **"Investment Funds"** means those separate funds which are provided within and which comprise the Trust Fund, and are established for the purpose of directing investments through the exercise of the sole control of a Participant, Beneficiary or Alternate Payee under the terms of the Plan and Trust Agreement.
- P. **"Normal Retirement Age"** means age 70 before March 1, 2006, and 70-1/2 on or after March 1, 2006, unless the Participant makes a one-time written election to reduce normal retirement age. This election is irrevocable. Such election will be valid only if the Participant would have the required number of years of service for normal retirement age under AS 39.35.370 or AS14.25.220(27). If the Participant is not eligible to receive benefits under a basic defined benefit pension or money pension purchase plan, the Participant's alternative Normal Retirement age may not be earlier than age 65; no later than 70-1/2. A special rule shall apply to qualified police or firefighters under the Plan, if any. Any Qualified police or firefighters, as defined under the Code section 415(b)(2)(H)(ii)(I), who is participating in the Plan may choose a Normal Retirement Age that is not earlier than 50 nor later than age 70-1/2. Any Participant who has at any time used the Catch-Up provisions of Article III, Paragraph C, Subparagraph 2 may not subsequently change his retirement age.
- A Participant who continues in the employ of the Employer after reaching Normal Retirement Age shall continue to participate in the Plan and may have contributions allocated to his or her Account.
- Q. **"Participant"** means any Employee or former Employee who retains a right to benefits under the Plan.
- R. **"Participation Agreement"** A legal instrument signed by the person authorized by the participating Employer to enter into the participation agreement. The Employer agrees to abide by the terms of the agreement and the terms of the plan during the period of the Employee's participation in the plan. The Employer may elect, within the agreement, to offer Employer Matching Contributions to employees up to 6% of the Employee's Compensation . The agreement shall contain a provision stating that Employer Matching Contributions are not Compensation under AS 39.35.680(9) and shall be derived from a source other than from the Compensation earned by an Employee for personal services rendered to the employer.
- S. **"Plan"** means the "State of Alaska Deferred Compensation Plan" issued May 31, 1974, amended January 17, 1980, October 1, 1981, October 1, 1982, October 28, 1982, December 31, 1983, May 1, 1986, November 1, 1993, November 15, 1994, April 1, 1995, January 1, 1997, July 1, 1998, January 1, 2002, April 1, 2003, March 1, 2006, February 1, 2010, August 1, 2017, January 1, 2023, and includes any future amendments.
- T. **"Plan Administrator"** or **"Administrator"** means the Commissioner of Administration, State of Alaska, or the Commissioner's designee. The Plan Administrator shall be responsible for the administration and interpretation of the Plan and shall establish and carry out a funding policy consistent with the purposes of the Plan.

- U. **“Record Keeper”** means an operating entity selected by the Plan Administrator to provide administrative services and financial education on behalf of the Plan.
- V. **“Termination of Employment”** means the termination of the Employee’s employment with the Employer for any reason, the end of the employee/employer relationship, or the expiration of the term of office of an elected or appointed Employee.
- W. **“Trustee(s)”** means that corporation and/or individuals who are designated by the Commissioner of Administration of the State of Alaska as a Trustee or Trustees of the Alaska Deferred Compensation Plan Trust.
- X. **“Trust Fund”** means all cash, securities, real estate, and any other property, together with income thereon, of this Plan held by the Trustee pursuant to the terms of the State of Alaska Deferred Compensation Plan Trust Agreement entered into between the State of Alaska and the Commissioner of the Department of Revenue, as the designated Trustee, as such agreement may subsequently be amended from time to time.
- Y. **“Total Contribution(s)”** means the combined amount of Employee contributions and Employer Matching Contributions.
- Z. **“Terminal Leave Pay”** A participant may elect to defer any payments of the values of accrued funded leave (funded annual or funded personal leave) that will become payable to the participant no later than two and one-half (2-1/2) months after the participant ceases to be an Employee. This election must be filed with the authorized Employer representative before the beginning of the month in which the Participant voluntarily ceases to be an Employee. An Employee who is involuntarily terminated from employment with or without cause must file his/her election with the authorized Employer representative prior to the payment of the final compensation from the Employer.

Article II. Eligibility and Participation

A. Eligibility Requirements

An Employee is eligible to participate effective the first day of the month immediately following the completion of a pay period.

B. Participation

An Employee of a participating employer shall complete the required enrollment process with the Administrator or the Administrator’s designee. Subject to the approval of the Administrator, deferral of Compensation may commence on the first pay period day of the month following completion, and submission and acceptance of the required enrollment forms. Participation in the Plan continues until a Participant is no longer entitled to benefits under the Plan. In the event an Employer terminates participation in the plan, the Employee remains a participant for accrued contributions, gains and losses but future contributions to the plan will cease upon the date the Employer terminates participation

Article III. Employee Contributions

A. Source of Deferred Compensation

With the exception of Employer Matching Contributions, all Deferred Compensation for Participants shall be derived by pre-tax, payroll reduction solely from Compensation earned after the date the Employee became a Participant. Employer Matching Contributions shall be derived from a source other than from Compensation earned by an Employee for personal services rendered to the employer. Combined, the Participant’s Deferred Compensation and the Employer Matching Contributions, if any, constitute the Total Contributions on behalf of the Participant. All contributions will be transmitted so they are received by the Administrator or the Administrator’s Designee by the 15th day after the pay period ends. Late contributions may result in loss of earnings due to investment gains. The State of Alaska and the Public Employees’ Deferred Compensation Plan are not responsible for account actions caused by an Employer’s late reporting of contributions.

B. Minimum Amount of Deferred Compensation

As a part of the enrollment process, the Employee shall specify the amount of Compensation to be deferred which may not be less than \$50.00 per month. All contributions must be in whole dollar amounts.

C. Maximum Amount of Deferred Compensation**1. Primary Limitation**

Except as provided in C.2 and C.3 of this Article 111, the maximum Total Contributions under the Plan for any taxable year of a Participant, shall not exceed the lesser of (a) the applicable dollar amount in effect for the year, as adjusted for the calendar year in accordance with Code section 457(e)(15) (the "Primary Limitation"), or (b) 100% of the participants' Includible Compensation.

2. Catch-up Limitation

However, when the participant reaches age 50+ or for one or more of the Participant's last three taxable years ending prior to Normal Retirement Age, the maximum amount of Deferred Compensation shall be increased.

For one or more of the Participant's last three taxable years ending prior to Normal Retirement Age, the maximum amount of Deferred Compensation shall be:

- a) *Special Catch-Up.* For one or more of the Participants last three taxable years ending prior to Normal Retirement Age the maximum amount of Deferred Compensation shall be: the Primary Limitation, plus so much of the Primary Limitation as has not been utilized for prior calendar years beginning after December 31, 1978, if, during each such years, compensation deferred under the Plan was subject to the Primary Limitation, and the Employee was eligible to participate in the Plan.
- b) *Age 50 and Over Catch-Up.* Participants age 50 and over are allowed to contribute those additional amounts allowed under Code section 414(v), subject to Code section 414(v)(6)(C), which provides that such additional contributions allowed by this Subparagraph are not available during the three years the Participant is utilizing the catch-up limitation provided for in Subparagraph 2(a) of this Paragraph C.

3. Participant Covered by More Than One Eligible Plan

If the Participant is or has been a participant in one or more other eligible plans within the meaning of section 457(b) of the Code, then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Article III. For this purpose, the Employer shall take into account any other such eligible plan maintained by the Employer prior to reporting contributions to the Plan with regard to maintaining contribution limits as provided by 457(b) of the Code.

D. Changing Amount of Deferred Compensation

A Participant may increase or decrease the amount of Deferred Compensation subject to the minimum and maximum deferrals once each month by completing the required forms or methods which are provided for this purpose. The change shall be subject to the approval of the Administrator, and shall be effective no earlier than the first day of the month following receipt of the change request (completion and submission of the required forms). For Participating Employers who have elected to provide Employer Matching Contributions, the Employer Matching Contribution will be based on the increased or decreased contribution as elected by the Employee. The change will be effective no earlier than the first day of the month following receipt of the change request.

E. Temporary Suspension or Decrease of Deferred Compensation

Deferred Compensation will be suspended or decreased to an appropriate amount that would allow the reduced contribution to be made for any month or months in which there are insufficient monies available to make the deferral agreed upon. Deferrals will be reinstated in the next month in which there are sufficient monies available to make the deferral agreed upon.

F. Ceasing Deferred Compensation**1. Voluntary Cessation**

A Participant may stop deferring Compensation without withdrawing from the Plan by providing the Administrator with written notice of intent to cease deferrals. Deferrals will thereupon cease as soon as administratively feasible after the written notice is approved by the Administrator.

2. Mandatory Cessation

A Participant must stop deferring Compensation prior to making a request for a withdrawal due to an unforeseeable emergency by giving the Administrator written notice of intent to cease deferrals. This cessation must remain in effect for one year, after which the Participant may reinstate his deferral of Compensation.

G. Reinstatement of Deferred Compensation

If deferral of Compensation ceases pursuant to Paragraph F.2. of this Article III, the Participant may reinstate deferral by completing the required paper or electronic form provided for this purpose. The Participant may reinstate his deferral of Compensation effective the first day of the month following completion and submission of the required form. Reinstatement may not be effective until the required form is approved by the Administrator. Deferrals will commence in the amount provided on the new forms.

H. Correction of Excess Deferrals

If the Deferred Compensation on behalf of a Participant for any calendar year exceeds the limitations described above, or the Deferred Compensation on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another eligible deferred compensation plan under section 457(b) of the Code for which the Participant provides information that is accepted by the Administrator, then the Deferred Compensation, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant, as soon as administratively practicable after the Plan determines that the amount is an excess deferral.

I. Terminal Leave Pay

A Participant may elect to defer any payments of the value of accrued funded leave (funded annual or funded personal leave) that will become payable to the participant no later than two and one-half (2-1/2) months after the participant ceases to be an Employee. This election must be filed with the authorized Employer representative before the beginning of the month in which the Participant ceases to be an Employee. Severance pay and other amounts that are not payable during active employment are not eligible for deferral under this Plan.

Article IV. Allocations to Employees' Accounts**A. Accounts**

The Plan Administrator has delegated its responsibility to maintain separate accounts on behalf of each Participant, Beneficiary, and Alternate Payee to the Record Keeper. Each Account shall reflect the amounts allocated thereto and distributed therefrom and such other information as affects the value of such Account pursuant to the Plan as described in this Article IV. The Account of each Participant, Beneficiary, and Alternate Payee shall be adjusted daily by the following credits and debits:

1. Payments

Subtract the total amount of any payments made from the Account since the preceding date.

2. Contributions

Add the Total Contributions to the Account since the preceding date.

3. Investment Fund Transfers

Add or subtract the amount of any adjustments to the Account resulting from transfers of Investment Funds.

4. Change-in-Value

Add or subtract the change in value of the Account based on the increase or decrease in the market value of the Investment Fund units held in the Account.

5. Administrative Fees

Subtract the administrative fees in the amount of the prescribed percentage of the month-end asset balance of the Account at the end of each calendar month and a prescribed annual fee during each plan year.

6. Miscellaneous Adjustments

Add or subtract any additional miscellaneous adjustments which are required to reflect the current valuation of the Account.

B. Plan-to-Plan Transfers

1. Transfers to the Plan

Plan-to-plan transfers (but not rollovers) may be accepted from an eligible Code section 457 deferred compensation plan maintained by another governmental employer and will be credited to a Participant's Account with this Plan under the following conditions:

- a) The Participant was formerly a participant in an eligible deferred compensation plan maintained by another governmental employer.
- b) The Participant has separated from service with that employer and becomes an employee of the State or other political subdivision or public organization employer participating in the Plan.
- c) The Participant has not begun receiving payment of benefits from the other plan.
- d) The other employer's Plan permits the direct transfer of the Participant's interest therein to this Plan and such transfer is a "plan-to-plan transfer" which the Code and Regulations permit an employee to transfer, either directly or indirectly, from one eligible plan to another eligible plan. Before accepting a transfer, the Administrator may require an Employee to furnish satisfactory evidence that the proposed transfer is in fact a plan-to-plan transfer which the Code and Regulations permit an employee to make to an eligible plan.
- e) The Participant whose account is being transferred will have an amount deferred immediately after the transfer at least equal to the amount deferred under the other governmental deferred compensation plan with respect to that Participant immediately before the transfer.
- f) The participant files with the Administrator the prescribed form for a plan-to-plan transfer and obtains the Employer's written consent.

Any irrevocable or revocable election executed with respect to the assets in the former plan shall become null and void as of the date the assets are transferred into this Plan. An eligible employee, prior to satisfying the Plan's eligibility requirements, may make a plan-to-plan transfer to the same extent and in the same manner as the Participant, provided the employee has completed the necessary enrollment forms.

The transferred amounts shall be held, accounted for, administered, and otherwise treated in the same manner as Compensation deferred by the Participant under this Plan. The transferred amounts shall not be considered Compensation deferred under this Plan in the taxable year of such transfer in determining the maximum deferral available for that year. However, for the purposes of Article III, Paragraph C, an amount deferred during any taxable year under the Plan from which the transfer is accepted shall be treated as if it had been deferred under this Plan during such taxable year.

The Plan may require such documentation from the predecessor plan as it deems necessary to confirm that such plan is an eligible deferred compensation plan within the meaning of Code section 457(b), and to assure that transfers are provided under such plan. The Employer may refuse to accept a transfer in the form of assets other than cash, unless the Employer and the Administrator agree to hold such other assets under the Plan.

2. In-Plan Roth Transfer

Effective July 15, 2016, a Participant, the surviving spouse of a Participant (or a Participant's former spouse who is the Alternate Payee under a Qualified Domestic Relations Order as defined in Code § 414(p)) (herein collectively called "distributee") may elect, at the time and manner prescribed by the Plan Administrator, to have any portion of an eligible plan-to-plan transfer paid to the Plan in an in-Plan Roth transfer to the distributee's Designated Roth Contribution Account. The amount transferred in plan-to-plan Roth transfer continues to be taken into consideration for mandatory distributions.

3. Transfers to Another Eligible 457(b) Plan

An account may be transferred to an eligible deferred compensation plan maintained by another governmental employer, if

- a) The Participant has separated from service with the Employer and becomes an employee of the other employer.
- b) The other employer maintains an eligible deferred compensation plan pursuant to section 457(b) of the Code.
- c) The other employer's Plan provides that such a plan-to-plan transfer will be accepted.
- d) The other employer has provided assurance that the Participant whose amounts deferred are being transferred will have an amount deferred immediately after the transfer at least equal to the amount deferred with respect to that Participant under the Plan immediately before the transfer.

Such election to transfer must be made prior to the time that payment of benefits have commenced under the Plan. The Plan Administrator may require such documentation from the other plan as it deems necessary to confirm that such plan is an eligible deferred compensation plan pursuant to section 457(b) of the Internal Revenue Code and its regulations.

4. Rollovers From Certain Other Employer-Sponsored Plans and IRAs Not Allowed

The plan will not accept rollover contributions of distributions from IRAs described in Code sections 408(a) and (b) or from the following types of plans: qualified plans described in Code sections 401(a) and 401(k), 403(b) plans, or Code section 457(b) plans.

5. In-Service Transfers For The Purchase of Defined Benefit Plan Service Credits

An Account, or a portion thereof, may be transferred, while the Participant is in-service, to a governmental defined benefit plan for the purchase of permissive service credit as allowed by Code section 457(e)(17), if:

- a) The governmental defined benefit plan provides that such a plan-to-plan transfer will be accepted.
- b) The governmental defined benefit plan has provided assurance that it will pay the benefits to the Participant as may be allowed under its Plan.

Such election to transfer must be made prior to the time that payment of benefits has commenced under this Plan. The Administrator may require such documentation from the other plan as it deems necessary to confirm that such plan provides for the purchase of permissive service credit (as defined in Code section 415(n)(3)(A)) under such plan or a repayment to which Code section 415 does not apply by reason of subsection 415(k)(3).

C. Amounts Placed in Trust, Fees and Adjustments

The Total Contributions specified in Article III shall be deposited into the Trust Fund as soon as administratively feasible after receipt by the Trustee.

The Plan Administrator shall direct the Trustee to make payment from the Trust Fund for any fees (administrative, investment, or other) incurred by the Plan in such amounts and at such times as deemed necessary by the Plan Administrator for the maintenance of the Plan. No fees shall be paid from the Trust Fund on account of reimbursement for settlor expenses. Settlor expenses shall include those incurred by the State on account of the creation, amendment, or termination of the Plan.

Amounts remaining in the Trust Fund following the payment of necessary and reasonable administrative expenses associated with the administration of the Plan shall be invested by the Trustees in accordance with the direction of the Participant, Beneficiary or Alternate Payee in one or more Investment Funds as may be made available by the Plan Administrator and shall increase or decrease depending upon changes in investment value. The corpus or income of the trust or custodial account may not be diverted to or used for other than the exclusive benefit of the Participants or their Beneficiaries.

D. Valuation of Trust Fund

The Trust Fund shall be valued at least once a quarter, and the value and investment performance of each individual Account shall be reported to respective Participants at a reasonable time following the valuation date based on information assembled by the Plan Administrator.

E. Participant Election to Direct Investments Among Available Investment Funds

1. Initial Deposit of Employee Contributions to Investment Funds

Investment of Plan funds held in an Account may be directed by a Participant, Beneficiary or Alternate Payee among available Investment Funds in accordance with rules established by the Plan Administrator. Initial investment of Plan funds allocated to an Account shall be allocated to the default investment fund as specified by the Plan Administrator if the Participant does not specify an investment fund choice. Once made, the Plan funds allocated to an Account shall be directed to the available Investment Funds in accordance with the provisions of this Paragraph E.

2. Participant Direction of Investment

A Participant, Beneficiary, or Alternate Payee may elect to change the investment of Total Contributions to be allocated to his or her Account among available Investment Funds once each day in accordance with the rules established by the Plan Administrator. Only the last election that has been filed with the Plan Administrator prior to the transmittal of Employee contributions to the Trust Fund for allocation to the individual Account will be used to direct the investment of the Employee contributions received.

3. Investment Direction to Transfer Existing Individual Account Balance Among Investment Funds

A Participant, Beneficiary or Alternate Payee may elect to transfer all or a portion of his or her existing Account balance among available Investment Funds once each day in accordance with the rules established by the Plan Administrator. Such a direction shall be effective as indicated in the rules established by the Plan Administrator.

4. Liability

The Employer, Plan Administrator, State of Alaska, Alaska Retirement Management Board, or a person or entity who is otherwise a fiduciary, is not liable for any investment loss, or by reason of any breach, that results from the direction of the Participant, Beneficiary, or Alternate Payee in the exercise of control over the Plan assets allocated to his or her Account for the purpose of directing the investment of those funds.

5. Right to Select Investment Options for Participant Use

Effective October 1, 2005, the Alaska Retirement Management Board retains the right to select the investment options to be made available to Participants, and may change them from time to time, in accordance with AS 39.45.030.

Article V. Vesting and Payment of Benefits

A. Vesting

Each Participant's Account comprised of both Employee and, for eligible Employees the Employer Matching Contributions, shall be fully vested and nonforfeitable at all times. Such vesting in the Plan in no way abrogates the right of the Employer or the Participant to terminate the Participant's employment at any time, with or without cause.

B. Eligibility for Payment

1. A terminated Employee shall be eligible to elect distribution of his or her Account, in accordance with this Article V, subsequent to termination of employment, within an administratively feasible time in accordance with the business practices established by the Plan.
2. An employee age 59-1/2 shall be eligible to elect distribution of his or her Account, in accordance with this Article and Clause (i) of section 457(d)(1)(A) of the Internal Revenue Code of 1986.
3. The distribution of an Account can be made in whole or in part. Partial distributions cannot be requested more than two (2) times in a calendar year. Where a distribution of an Account involves a periodic payment, the periodic payment amount and/or frequency cannot be changed more than two (2) times in a calendar year. Where a distribution of an Account involves an annuity option, such annuity option cannot be changed once the benefit has commenced.
4. If a Participant dies before benefits commence, a Beneficiary shall be immediately eligible to elect distribution of the deceased Participant's Account, in accordance with the terms and conditions of this Article V.
5. Notwithstanding the foregoing, in the event that a domestic relations order qualifying as such is received and approved by the Plan Administrator as specified in Paragraph G of Article VIII, benefits shall be payable to the Alternate Payee in accordance with the terms and conditions of such order, as that order has been accepted by the Plan.

C. Hardship Withdrawals for an Unforeseeable Emergency**1. General**

In the event of an unforeseeable emergency which is beyond the control of the Participant and which causes extreme financial hardship, a Participant may apply to the Administrator or the Administrator's Designee to distribute all or a portion of the Participant's Deferred Compensation. Such application shall be made by completing and submitting all required forms for this purpose. The Participant must, prior to application, cease deferring Compensation in accordance with Paragraph F of Article III. If the application for the payment is approved by the Administrator, payments shall be effective as soon as possible after the date specified in the Participant's application or the date of approval by the Administrator, if later.

2. Unforeseeable Emergency Defined

An unforeseeable emergency is defined as a severe financial hardship of the Participant resulting from:

- a) an illness or accident of the Participant, the Participant's spouse, or the Participant's dependent (as defined in Code section 152(a)).
- b) loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster);
- c) the need to pay for the funeral expenses of the Participant's spouse or dependent (as defined in section 152(a) of the Code);
- d) or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant; for example,
 - i) the imminent foreclosure of or eviction from the Participant's primary residence may constitute an unforeseeable emergency.
 - ii) the need to pay for medical expenses, including nonrefundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency.

Except as otherwise specifically provided in Paragraph C of this Article V, neither the purchase of a home nor the payment of college tuition is an unforeseeable emergency.

3. Unforeseeable Emergency Distribution Standard

A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved:

- a) through reimbursement or compensation from insurance or otherwise,
- b) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or
- c) by cessation of deferrals under the Plan.

4. Demonstration of Need

A Participant requesting a hardship withdrawal by reason of an unforeseeable emergency must clearly demonstrate that the circumstances giving rise to the emergency were not under the Participant's control and constitute a real emergency which is likely to cause the Participant great financial hardship. The Administrator may require such medical, financial, or other evidence deemed appropriate to make a determination concerning the Participant's withdrawal request.

5. Distribution Necessary to Satisfy Emergency Need

Distributions because of an unforeseeable emergency may not exceed the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution). In no event shall the distribution exceed the value of the Participant's Deferred Compensation Account. Any money remaining in the Account shall be distributed in accordance with the provisions of this Plan.

6. Method of Distribution

The method of distribution of any withdrawal for unforeseeable emergency shall be determined by the Administrator.

D. Distribution Requirements

1. General Rule

Notwithstanding any other provision of the Plan, distributions shall be determined and made in accordance with the applicable requirements of Code sections 401(a)(9) and 457(d) and proposed or final Treasury Regulations hereunder. These rules also apply to distributions to Beneficiaries or Alternate Payees.

2. Required Beginning Date

The entire interest of a Participant must be distributed or begin to be distributed no later than the Employee's required beginning date. The required beginning date of a Participant is the later of the first day of April of the calendar year following the calendar year in which the Participant attains age 70-1/2 or the date of actual retirement.

3. Small Account Distribution under Section 457(e)(9)(A)

A Participant who has not had a Termination of Employment may elect to receive a one-time distribution of the Participant's entire Account, provided that

- a) the Participant's Account is valued at \$5,000 or less,
- b) the Participant has had no Deferred Compensation for the two-year period ending on the date of the distribution, and
- c) the Participant has not previously received a distribution pursuant to this subsection 3.

E. Benefit Commencement Date

1. Payments to a Participant or Beneficiary who meets the requirements of Paragraph B of this Article V shall commence as soon as administratively feasible following the benefit commencement date. The benefit commencement date is the first date on which one of the following occurs:
 - a) A Participant or Beneficiary meets the requirements of Paragraph B of this Article V and has made a complete application for payment;
 - b) A Participant attains age 72 (age 70-1/2 if the Participant was born on or before June 30, 1949) and has not made an application for payment.
 - c) A Beneficiary did not begin receiving payments by December 31 of the year following the Participant's death, and five years have elapsed since the Participant's death.
 - d) A Participant requests a direct trustee-to-trustee transfer to another plan as permitted in paragraph E of this Article V.
2. A Participant or Beneficiary may elect to defer receipt of payment to a date later than the date specified in Paragraph E(1) of this Article V in accordance with the following:
 - a) A Participant may defer to any date up to April 1 of the year after attaining age 72 (age 70-1/2 if the Participant was born on or before June 30, 1949.)
 - b) A spouse Beneficiary may defer to any date on or before December 31 of the year in which the Participant would have attained age 72 (age 70-1/2 if the Participant was born on or before June 30, 1949). Payments must be made over a period no longer than the life expectancy of the spouse.
 - c) A non-spouse Beneficiary must receive a distribution
 - i) of the entire amount by December 31 of the calendar year that contains the fifth anniversary of the Participant's death, or,
 - ii) if the distribution is started by December 31 of the calendar year following the year of the Participant's death, it can be made payable over the life of the Beneficiary, but not beyond his or her life expectancy.
3. Payments to an Alternate Payee shall commence as soon as administratively feasible for an Alternate Payee who meets the requirements of Paragraph B, subparagraph 4 of this Article V and has made a complete application for payment.
4. Notwithstanding any other provisions of this Article V, the entire Account balance of a Participant, Beneficiary, or Alternate Payee who meets the requirements of Paragraph B of this Article V will be distributed automatically in a lump sum if the balance is \$1,000 or less.
5. Notwithstanding any other provisions of this Article V, upon the death of a Participant on or after January 1, 2022, the following distribution provisions shall take effect; provided, however, that such provisions shall be subject to any regulations or other guidance issued under the SECURE Act:
 - a) If the Participant dies before the distribution of his/her entire Account (regardless of whether any distributions had begun before the Participant's death) and the Participant has a Designated Beneficiary:
 - i) The entire Account shall be distributed to the Designated Beneficiary by December 31 of the calendar year containing the 10th anniversary of the Participant's death.
 - ii) Notwithstanding subparagraph (i), if the Designated Beneficiary is an Eligible Designated Beneficiary, then the Participant's Account shall be distributed beginning no later than December 31 of the calendar year immediately following the calendar year in which the Participant died, over the life of the Eligible Designated Beneficiary or over a period not exceeding the life expectancy of the Eligible Designated

Beneficiary. If the Eligible Designated Beneficiary is the Surviving Spouse, then distributions to the Surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or, if later, by December 31 of the calendar year in which the Participant would have attained age seventy-two (72) (age seventy and one-half (70-1/2) if the Participant was born on or before June 30, 1949).

- iii) Upon either (1) the death of an Eligible Designated Beneficiary before distribution of the Participant's entire Account or (2) the attainment of the age of majority for an Eligible Designated Beneficiary who is a minor child, subparagraph (ii) shall no longer apply, and the remainder of the Account shall be distributed under paragraph (i).
- b) If the Participant dies before distributions of his/her Account begins and the Participant has no Designated Beneficiary, the Participant's Account under the Plan shall be distributed by December 31 of the calendar year containing the fifth (5th) anniversary of the Participant's death. If the Participant dies after distribution of his/her Account begins and the Participant has no Designated Beneficiary, any remaining portion of the Account shall continue to be distributed at least as rapidly as under the method of distribution in effect at the time of the Participant's death.
- c) For purposes of this subsection 5, an Eligible Designated Beneficiary means a Designated Beneficiary who, as of the date of the death of the Participant, is:
 - i) the Surviving Spouse of the Participant;
 - ii) a child of the Participant who has not reached the age of majority;
 - iii) disabled within the meaning of Code Section 72(m)(7);
 - iv) chronically ill within the meaning of Code Section 7702B(c)(2) (except that the requirements of subparagraph (A)(i) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature); or
 - v) any other individual who is not more than 10 years younger than the Participant.

Notwithstanding the preceding, a child described in (ii) above shall cease to be an Eligible Designated Beneficiary as of the date he or she reaches the age of majority.

F. Form of Payment

1. A Participant may elect to receive his or her Account in the form of (i) a total or partial lump-sum as described in subparagraph (a); (ii) an annuity described in subparagraphs (b), (c), (d), or (e); (iii) a periodic payment described in subparagraph (f); or (iv) a partial lump-sum plus an annuity described in subparagraphs (b), (c), (d), or (e), defined as follows:
 - a) Lump-Sum – The payment of all or any part of a Participant's Account balance in a payment amount of a single distribution that is not less than the lesser of (I) \$1,000 or (II) the amount of the participant's account. The Participant may designate the time and amount of each payment; but may not elect this form of distribution for frequently than two (2) times in any calendar year.
 - b) Period Certain Annuity – An annuity payable in a fixed number of monthly installments for a duration of 60, 120 or 180 months;
 - c) Life Annuity with a Period Certain – An annuity payable until the later of (1) the first day of the month in which the annuitant's death occurs, or (2) the date on which the payment of a fixed number of monthly installments is completed. The duration of the installments shall be 120 or 180 months;

- d) Single Life Annuity – An annuity payable monthly until the first of the month in which the annuitant's death occurs;
 - e) Joint and Survivor Annuity – An annuity payable monthly to the Participant until the first of the month in which the Participant's death occurs. Following the Participant's death, a survivor annuity equal to 50% or 100% of the Participant's benefit (as previously elected by the Participant) shall be paid monthly to the joint annuitant for the remainder of his or her lifetime; or
 - f) Periodic Payment – A form of payment which allows Participants to receive benefit payments out of their Accounts while staying invested in the current fund offerings provided by the Plan. The payment schedules are:
 - i) Period Certain – Participant selects length of time to receive funds.
 - ii) Minimum Distribution Option – amounts paid will be recalculated annually and paid at the minimum distribution level.
 - iii) Payment Certain – Participant selects amount to be paid out and continue until funds are depleted.
 - g) A Participant may not elect more frequently than two (2) times in any calendar year to receive a partial account payment or the commencement of an annuity purchased with a partial account payment.
2. This subparagraph applies to distributions made on or after January 1, 2002. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this part, a distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution that is equal to at least \$200 paid directly to an eligible retirement plan specified by the distributee in a direct rollover.
- a) For purposes of this subparagraph, an "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code; and the portion of any distribution that is not includable in gross income; any hardship distribution described in Section 401(k)(2)(B)(i)(iv) of the Internal Revenue Code received after December 31, 1998; any hardship distribution described in Section 402(c)(4) of the Code received after December 31, 2001; and any other distribution(s) reasonably expected to total less than \$200 during a year.
 - b) For purposes of this subparagraph, an "eligible retirement plan" is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, a qualified plan described in Section 401(a) of the Code, and on and after January 1, 2002, a tax sheltered annuity plan described in Section 403(b) of the Code or a governmental plan described in Section 457(b) of the Code, that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, prior to January 1, 2002, an eligible retirement plan is an individual retirement account or an individual retirement annuity. Effective on or after January 1, 2008, an eligible retirement plan includes a Roth IRA described in Code Section 408A. Effective for distributions after December 18, 2015, a SIMPLE IRA as described in Code Section 408(p) is an eligible retirement plan, provided that the rollover contribution to the SIMPLE IRA is made after the two-year period beginning on the date the distributee first participated in any qualified salary reduction arrangement maintained by the distributee's employer under Code Section 408(0)(2), as described in Code Section 72(t)(6).

- c) For purposes of this subparagraph, a distributee includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the Alternate Payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse. Effective January 31, 2013, a distributee includes a non-spouse beneficiary, provided that a non-spouse beneficiary may only make a direct rollover to an inherited IRA.
 - d) For purposes of this subparagraph, a "direct rollover" is a payment by the Plan to the eligible retirement plan specified by the distributee.
 - e) This Plan does not accept contributions of eligible rollover distributions.
3. A Participant may request that the Plan Administrator transfer all or a portion of his or her Account in a direct trustee-to-trustee transfer to another defined benefit governmental plan defined in Code Section 414(d) allowed to receive such a transfer for the purpose of purchasing permissive past service credits as defined in Code Section 415 (n)(3)(A) under the receiving plan in accordance with the terms of that plan. Such transfers are limited to no more than two (2) in a calendar year.
4. Any form of payment elected shall be the Actuarial Equivalent of the value of the Participant's Account as of the benefit commencement date.

5. Plan Distributions on Account of Death

- a) Upon the death of a Participant whose payments have commenced, a Beneficiary shall receive further payments only to the extent provided in accordance with the form of payment that was being made to the deceased Participant. The remaining portion of such interest will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.
- b) If the Participant dies before distribution of his or her interest begins, distribution of the Participant's entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death except to the extent that an election is made to receive distributions in accordance with (i) or (ii) below:
 - i) if any portion of the Participant's interest is payable to a designated Beneficiary, distributions may be made over the life or over a period certain not greater than the life expectancy of the designated Beneficiary commencing on or before December 31 of the calendar year immediately following the calendar year in which the Participant died;
 - ii) if the designated Beneficiary is the Participant's surviving spouse, the date distributions are required to begin in accordance with (i) above shall not be earlier than the later of (A) December 31 of the calendar year immediately following the calendar year in which the Participant died and (B) December 31 of the calendar year in which the Participant would have attained age 70-1/2.

If the Participant has not made an election pursuant to this subparagraph by the time of his or her death, the Participant's designated Beneficiary must elect the method of distribution no later than the earlier of (A) December 31 of the calendar year in which distributions would be required to begin under this section, or (B) December 31 of the calendar year which contains the fifth anniversary of the date of death of the Participant. If the Participant has no designated beneficiary, or if the designated Beneficiary does not elect a method of distribution, distribution of the Participant's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

- iii) For purposes of subparagraph 4(b) above, if the surviving spouse dies after the Participant, but before payments to such spouse begin, the provisions of subparagraph 4(b), with the exception of paragraph (2) therein, shall be applied as if the surviving spouse were the Participant.

- iv) For purposes of this subparagraph, any amount paid to a child of the Participant will be treated as if it had been paid to the surviving spouse if the amount becomes payable to the surviving spouse when the child reaches the age of majority.
 - v) For the purposes of this subparagraph 4, distribution of a Participant's interest is considered to begin on the Participant's required beginning date (or, if subparagraph 4(c) above is applicable, the date distribution is required to begin to the surviving spouse pursuant to subparagraph 4(c) above). If distribution in the form of an annuity irrevocably commences to the Participant before the required beginning date, the date distribution is considered to begin is the date distribution actually commences.
- c) In the case of a death of a Participant on or after January 1, 2022, the distribution provisions set forth in Article V, Section E, subsection 5 shall apply.

G. Changing Elections

A Participant or Beneficiary may change any

- 1. form of payment election, or
- 2. election to commence benefits, or
- 3. joint annuitant designation

at any time, prior to the issuance of a lump-sum payment or prior to the issuance of an initial annuity payment.

Changes will not be allowed on or after the issuance of such payment. A Participant may change the periodic form of payment with respect to the period certain schedule, the payment certain schedule, or the frequency of payments (or stop the periodic payments) at any time, but no more frequently that two (2) times in any calendar year.

H. Failure to Elect a Form of Payment

If a Participant who is not married, or a Beneficiary in the case of the Participant's death, fails to elect a form of payment prior to the required benefit commencement date, the Account shall be paid in the form of a Lump Sum. If a married Participant fails to elect a form of payment prior to the benefit commencement date, the Account shall be paid in the form of a 50% Joint and Survivor Annuity, with the Participant's spouse as the joint annuitant.

I. Late Contributions

Contributions pursuant to Article III made on behalf of a terminated Employee after the benefit commencement date shall not affect the form or amount of payments already being made to the Participant or a Beneficiary. If that Participant is not currently employed by the Employer, these contributions shall be paid directly to the Participant or Beneficiary as soon as administratively feasible.

J. Reemployment After Benefits Have Commenced

Annuity benefits which are being paid to a Participant shall not be affected by the Participant's subsequent employment with the Employer. Periodic payment benefits or partial lump sum withdrawals paid to a Participant will cease upon reemployment. Benefits which are being paid to a Participant shall not be affected by the Participant's subsequent employment with the employer. Upon such employment, a new account shall be established for the Participant, pursuant to Article IV, to which any future employer contributions shall be allocated. Upon subsequent termination of employment, the new account shall be distributed in accordance with this Article IV.

K. Return of Overpayments and Interest on Overpayment Amounts

A Participant, Beneficiary, or Alternate Payee shall remain responsible for repayment to the Plan of any excess amounts received pursuant to a distribution should it be determined that the Participant, Beneficiary, or Alternate Payee is not entitled to the entire amount he or she actually received.

The Participant, Beneficiary, or Alternate Payee shall also pay interest on amounts overpaid at a prescribed rate of interest at seven percent due to an overpayment of a benefit withdrawal.

L. Qualified Birth or Adoption Distributions**1. Definitions.**

- a) "Qualified Birth or Adoption Distribution" means a distribution made to a Participant within the one-year period beginning on the date on which a child of the Participant is born or on which the legal adoption by the Participant of an eligible adoptee is finalized.
 - b) "Eligible Adoptee" means an individual (other than the child of the Participant's spouse) who has not attained age 18 or is physically or mentally incapable of self-support.
2. A Participant, regardless of whether he/she has had a Termination of Employment, may request to receive one or more Qualified Birth or Adoption Distributions from his/her Account subject to the provisions of this subsection L. Qualified Birth or Adoption Distributions made from this Plan and all other plans maintained by the Employer or a related Employer may not exceed \$5,000 per birth or adoption. A Participant shall certify that he or she satisfies the criteria to receive a Qualified Birth or Adoption Distribution.

M. Coronavirus-Related Distributions**1. Definitions.**

- a) "Coronavirus-Related Distribution" means a distribution made on or after January 1, 2020, but before December 31, 2020, or such later date as provided in subsequent legislation and/or regulatory guidance, to a Qualified Individual in accordance with subsection (2).
- b) "Qualified Individual" means a Participant:
 - i) who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention;
 - ii) whose spouse or dependent (as defined in Code Section 152) is diagnosed with such virus or disease by such a test; or
 - iii) who experiences adverse financial consequences as a result of
 - I) the Participant, the Participant's spouse, or a person residing in the Participant's household (1) being quarantined, (2) being furloughed or laid off or having work hours reduced due to such virus or disease, (3) being unable to work due to lack of child care due to such virus or disease, (4) having a reduction in pay (or self-employment income) due to such virus or disease, or (5) having a job offer rescinded or start date for a job delayed due to such virus or disease;
 - II) closing or reducing hours of a business owned or operated by the Participant, the Participant's Spouse, or a person residing in the Participant's household due to such virus or disease; or
 - III) other factors as determined by the Secretary of the Treasury (or the Secretary's delegate); or
 - iv) any other Participant who satisfies the definition of a Qualified Individual as provided in subsequent legislation and/or regulatory guidance.

For purposes of this subparagraph (b), a person residing in the Participant's household means someone who shares the Participant's principal residence.

- 2. Notwithstanding any other section to the contrary, a Participant eligible to receive a distribution described in this subsection M who is a Qualified Individual may request to receive his/her Account, in part or in full, as a Coronavirus-Related Distribution on or after January 1, 2020 (or as soon as administratively practicable after January 1, 2020), and before December 31, 2020.
- 3. Coronavirus-Related Distributions to a Participant from this Plan and all other plans maintained by a related Employer may not exceed One Hundred Thousand Dollars (\$100,000).

4. A Participant shall certify that he/she is a Qualified Individual prior to receiving a Coronavirus-Related Distribution.

N. Waiver of 2020 Required Minimum Distributions.

Notwithstanding any other provisions of this Section N, a Participant or Beneficiary who would have been required to receive required minimum distributions for 2020 (or paid in 2021 for the 2020 calendar year for a Participant with a required beginning date of April 2, 2021) but for the enactment of Code Section 401(a)(9)(I) ("2020 RMDs"), and who would have satisfied that requirement by receiving distributions that are either

1. equal to the 2020 RMDs, or
2. one or more payments in a series of substantially equal distributions (that include the 2020 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant's designated Beneficiary, or for a period of at least 10 years ("Extended 2020 RMDs") will not receive those distributions for 2020 unless the Participant or Beneficiary chooses to receive such distributions.

For purposes of the direct rollover provisions of the Plan, 2020 RMDs and Extended 2020 RMDs also will be treated as eligible rollover distributions in 2020.

Article VI. Beneficiaries

A. Designation

A Participant may designate a Beneficiary, on a paper or electronic form provided for that purpose by the Plan Administrator, to receive the Plan distributions payable following the Participant's death as described in Paragraph F, Subparagraph 5 of Article V. Except as provided in Subparagraph 4 below, any Beneficiary designation, whether filed with the Plan Administrator before, on, or after March 1, 2006, is subject to the rules under Subparagraphs 1 – 3 below. A Participant may change or revoke a Beneficiary designation without notice to the Beneficiary or Beneficiaries at any time by filing a new designation with the Plan Administrator. Any new Beneficiary designation is subject to the spousal consent rules described below.

1. If a Participant who was married at the time of death designated a non-spouse Beneficiary, the actuarial equivalent value of the benefit payable to such Beneficiary shall not exceed 50% of the Participant's Account balance. The spouse to whom the Participant is married at the time of the Participant's death shall automatically be deemed the Beneficiary for the remaining 50% of the Account balance unless the spouse specifically consents to the non-spouse Beneficiary designation in the manner prescribed by Subparagraph 2 below. If the spouse consents in this manner, a married Participant may designate a non-spouse Beneficiary for the entire benefit or any portion of the benefit which is payable in an available form of payment contained in this Plan except to the extent a qualified domestic relations order filed with the Administrator provides for payment to a former spouse or other dependent of the Participant unless the Participant filed a revocation of Beneficiary accompanied by a written consent to the revocation from each person entitled under the qualified domestic relations order.
2. The spouse's consent to the Beneficiary designation must be contained in a writing signed by both the Participant and the Participant's spouse, must specifically acknowledge the effect of the consent, and must be witnessed by a Plan representative or notary public. Any consent by a spouse shall be effective only with respect to such spouse.
3. Except as provided by the express terms of a qualified domestic relations order, which has been accepted by the Plan Administrator, the dissolution of a marriage between the Participant and his or her spouse will automatically revoke a Beneficiary designation in favor of that former spouse executed by the Participant before the dissolution unless the Participant, subsequent to the dissolution, specifically reaffirms the former spouse as a Beneficiary on the form provided for that purpose by the Plan Administrator.

4. The requirement that the spouse to whom the Participant is married at the time of the Participant's death shall automatically be deemed the Beneficiary for 50% of the Participant's Account balance does not apply in the case of a Participant whose most recent Beneficiary designation form was received by the Administrator before January 1, 2002, if the Participant's death occurred before March 1, 2006.

B. Failure to Designate a Beneficiary

If upon the death of a Participant there is no valid designation of Beneficiary on file with the Plan Administrator, a divorce or annulment has revoked the Beneficiary designation naming the Participant's spouse as a Beneficiary, or the Beneficiary is deceased, then benefits shall be paid in the following order of succession:

1. Payments shall be made to the surviving spouse, if the spouse survives the Participant for 30 days;
2. If there is no surviving spouse, payments shall be made in equal parts to the surviving children, including adopted children, who survive the Participant for 30 days;
3. If there are no surviving children, payments shall be made in equal parts to the surviving parents who survive the Participant for 30 days; or
4. If there are no surviving parents, payments shall be made to the Participant's estate.

C. Payments to Beneficiaries

The Plan Administrator may request proper proof of the Participant's death and may require the Beneficiary to provide evidence of his or her right to receive a distribution from the Plan in any form or manner the Plan Administrator may deem appropriate. The Plan Administrator's determination of the Participant's death and of the right of a Beneficiary to receive payment under the Plan shall be conclusive. If a distribution is to be made to a minor or incompetent Beneficiary, payments may be made to the person's legal guardian, conservator, or custodian in accordance with the Uniform Gifts to Minors Act or similar law as permitted under the laws of the state where the Beneficiary resides. The Plan Administrator or Trustee will not be liable for any payments made in accordance with this Paragraph C of Article VI, and they are not required to make any inquiries with respect to the competence of any person entitled to benefits under the Plan.

Article VII. Amendment and Termination

A. Amendment

The Plan Administrator shall have the right to amend this Plan, at any time and from time to time, in whole or in part. Such power to amend includes the right, without limitation, to make those retroactive amendments referred to in the Internal Revenue Code. However, such right to amend the Plan shall be subject to the provisions of Paragraph C of this Article VII. Further, no amendment of the Plan shall permit any assets of the Plan to be used to pay premiums or contributions of the Employer under any other plan maintained by the Employer.

B. Termination, Partial Termination, or Complete Discontinuance of Contributions

1. Although the State of Alaska has established the Plan with the bona fide intention and expectation that it will continue the Plan indefinitely, the State of Alaska may in its sole and absolute discretion terminate the Plan in whole or part at any time without liability whatsoever for such termination. If the Plan shall be terminated, all investments shall remain in force until all Participants' Accounts have been completely distributed in accordance with the Plan.
2. An Employer, other than the State of Alaska, has sole and absolute discretion to discontinue participation in the plan with no liability to a person or entity except under the terms of the Participation Agreement. The Employer shall notify the Administrator of the plan of termination at least 90 days prior to the date on which the Employer wishes to terminate. The participating Employer shall continue to transmit contributions or coverage during the 90-day interim. The employer shall submit written notice of termination accompanied by a resolution adopted by the governing body of the participating employer.

C. Nonreversion

1. The corpus or income of the trust or custodial account may not be diverted to or used for other than the exclusive benefit of the Participants or their Beneficiaries.
2. If Plan benefits are provided through the distribution of annuity or insurance contracts, any refunds or credits in excess of Plan benefits (on account of dividends, earnings, or other experience rating credits, or surrender or cancellation credits) will be paid to the trust or custodial account.
3. Any contribution made by the Employer because of a mistake of fact must be returned to the Employer within one year of the contribution.
4. The Plan Administrator shall have no right to modify or amend the Plan retroactively in such a manner as to reduce the benefits of any Participant accrued to date under the Plan by reason of contributions made by the Employer prior to the modification or amendment except to the extent permitted by law.

Article VIII. Miscellaneous**A. Limitation of Rights; Employment Relationship**

Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund or Account, nor the payment of any benefits, shall be construed as giving any Participant or other person any legal or equitable right against the State of Alaska, Employer, the Investment Provider, the Plan Administrator or the Record Keeper, except as provided in the Plan, and, in no event, shall the terms of employment of any Employee be modified or in any way be affected by the Plan.

B. Transfer of Assets of Plan

In no event shall this Plan be merged or consolidated with any other plan, nor shall there be any transfer of assets or liabilities from this Plan to any other plan, unless immediately after such merger, consolidation or transfer, each Participant's benefits, if such other plan were then to terminate, are at least equal to or greater than the benefits which the Participant would have been entitled to had this Plan been terminated immediately before such merger, consolidation, or transfer.

C. Safeguard Provision

Neither the State of Alaska, Employer, Investment Provider, Record Keeper, or the Plan Administrator, shall recognize any attempt to alienate amounts held on behalf of, or payable to, an Employee or other person who is or who might become eligible for benefits under the Plan. Such amounts are not subject to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge of any kind, either voluntary or involuntary, before being received by the person entitled to the amount under the terms of the Plan. An attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of a right to amounts held under the plan is void. Except as provided in AS 09.38.065, amounts held on behalf of, or payable to, an Employee or other person who is or who might become eligible for benefits under the Plan are exempt from garnishment, execution, or levy.

D. Interpretation; Severability

The Plan hereby created shall be construed, administered and governed in all respects in accordance with the Internal Revenue Code and other pertinent federal laws, and the laws of the State of Alaska, provided, however, that if any provision is susceptible to more than one interpretation, such interpretation shall be given thereto as is consistent with the Plan being an eligible deferred compensation plan within the meaning of section 457(b) of the Internal Revenue Code. If any provision of this Plan shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Plan shall continue to be fully effective.

This Plan is also intended to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") and is intended to be construed in accordance with EGTRRA and guidance issued thereunder. If a provision of EGTRRA is mandatory as it applies to the eligibility of this Plan, then that provision is adopted, and to the extent provisions of the Plan exist that are inconsistent with such mandatory EGTRRA requirements, the mandatory requirements of EGTRRA shall supersede the provisions of this Plan, to the extent the provisions of this Plan as written are inconsistent with EGTRRA.

If a provision of EGTRRA is optional as it may apply to a Code section 457(b) plan, then only those provisions herein specifically adopted are part of this Plan. All other optional provisions of EGTRRA, not specifically adopted into this Plan, are not included in this Plan.

E. Plan Administration

The Plan Administrator shall establish rules and regulations for administration of the Plan, and shall be responsible for its interpretation. A determination by the Plan Administrator shall be conclusive and binding upon all interested parties. The Plan Administrator shall have the sole discretion, authority and responsibility to interpret and construe the Plan document (including ambiguous provisions thereof) and to determine all factual and legal questions under the Plan, including but not limited to the entitlement of Employees, Participants and Beneficiaries and the amounts of their respective interests. The Trustee and other interested parties may act and rely upon all information reported to them hereunder and need not inquire into the accuracy thereof, nor be charged with any notice to the contrary. No rule, regulation or interpretation shall discriminate in favor of persons who are highly compensated employees.

F. Form of Election

Any election or any alteration or revocation of a prior election by a Participant, Beneficiary, or Alternate Payee for any purpose under this Plan shall be on forms or made in a manner prescribed for that purpose by the Plan Administrator. To be effective, the forms required or the required action for any purpose under this Plan must be completed and filed in accordance with the requirements set forth herein, and in accordance with rules, regulations and/or procedural policies prescribed by the Plan Administrator. To be effective, an election must be received by the Plan Administrator or the Plan Administrator's designee, such as the Record Keeper, prescribed for the purpose of receiving the election information.

G. Domestic Relations Orders

Notwithstanding the nonalienation provisions in paragraph C "Safeguard Provision," the Plan Administrator may direct that benefits be paid to someone other than a Participant or Beneficiary pursuant to a valid qualified domestic relations order, meeting the requirements of section 414(p)(11) of the Code, that has been executed by a judge of a competent court in accordance with applicable state law, and which has been accepted by the Plan Administrator.

The Plan Administrator shall determine whether an order meets the requirements of this section within a reasonable period after receiving an order. The Plan Administrator shall notify the Participant and any Alternate Payee that an order has been received and indicate to the Alternate Payee and Participant when the Plan has accepted the order. A separate account for the Alternate Payee portion shall be established as soon as administratively feasible after the order has been accepted by the Plan.

H. Participant Loans

Participants loans from the Plan are not allowed.

I. Treatment of Persons Who Serve in a Uniformed Service.

Notwithstanding any provisions of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA ") (as codified at Chapter 43, Title 38, of the United States Code); Code section 414(u); and, effective January 1, 2007, Code section 401(a)(37), as amended from time to time an Employee whose employment is interrupted by qualified military service as defined in Code section 414(u) or who is on a leave of absence for qualified military service as defined in Code section 414(u) may elect to make additional Annual

Deferrals upon resumption of employment with the Employer equal to the maximum Annual Deferrals that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Annual Deferrals, if any, actually made for the Employee during the period of the interruption or leave. This prerogative applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave) notwithstanding the fact that Code section 414(u) is not applicable to this Plan.

Amendments to the State of Alaska Public Employees' Deferred Compensation Plan (DCP)

Deleted language is bracketed, in caps, and struck through. New language is bold and underlined.

Pursuant to Article VII, that provides the Plan may be amended at any time, the Plan is hereby amended effective January 1, 2023:

Article I. Definitions

- K. **“Employer Matching Contribution”** A political subdivision or public organization of the state of Alaska who has contracted to participate in the plan may elect to make matching contributions up to 6% of the Employee's Compensation to the Employee contribution account. Employee catch-up contributions under Article 111.C.2. shall not be eligible for Employer Matching Contributions. Employer Matching Contributions are not Compensation under D-4 ALASKA DEFERRED COMPENSATION PLAN DOCUMENT AS 39.35.680(9) and shall not be included as Compensation for any purpose under the Public Employees' Retirement System, Teachers' Retirement System, or Judicial Retirement System. Employer Matching Contributions shall be derived from a source other than from the Compensation earned by an Employee for personal services rendered to the Employer. Employer Matching Contributions ~~[ARE]~~ **may be made on a tax deferred basis or to an employee designated Roth account.** The Total Contributions may not exceed the maximum amount allowable under Internal Revenue Code section 457(b)(2), as adjusted by the Internal Revenue Service. Employees are 100% vested in Employer Matching Contributions at the time the contributions are paid to the plan.

Article II. Eligibility and Participation

A. Eligibility Requirements

An Employee is eligible to participate ~~[EFFECTIVE THE FIRST DAY OF THE MONTH IMMEDIATELY]~~ following the completion of a pay period.

Article III. Employee Contributions

2. Catch-up Limitation

However, when the participant reaches age 50+ or for one or more of the Participant's last three taxable years ending prior to Normal Retirement Age, the maximum amount of Deferred Compensation shall be increased. For one or more of the Participant's last three taxable years ending prior to Normal Retirement Age, the maximum amount of Deferred Compensation shall be:

- a) *Special Catch-Up.* For one or more of the Participants last three taxable years ending prior to Normal Retirement Age the maximum amount of Deferred Compensation shall be: the Primary Limitation, plus so much of the Primary Limitation as has not been utilized for prior calendar years beginning after December 31, 1978, if, during each such years, compensation deferred under the Plan was subject to the Primary Limitation, and the Employee was eligible to participate in the Plan.
- b) *Age 50 and Over Catch-Up.* Participants age 50 and over are allowed to contribute those additional amounts allowed under Code section 414(v), subject to Code section 414(v)(6)(C), which provides that such additional contributions allowed by this Subparagraph are not available during the three years the Participant is utilizing the catch-up limitation provided for in Subparagraph 2(a) of this Paragraph C.

- c) Effective for the taxable year beginning after December 31, 2024 individuals who have attained ages 60, 61, 62 and 63 are allowed to contribute the greater of \$10,000 or 150 percent more than the regular catch-up amount in 2025. These increased amounts will be indexed for inflation after 2025.
- d) Catch-up contributions must be allocated to the designated Roth option for employees earning \$145,000 or more per year.

Article V. Vesting and Payment of Benefits

C. Hardship Withdrawals for an Unforeseeable Emergency

1. General.

In the event of an unforeseeable emergency which is beyond the control of the Participant and which causes extreme financial hardship, a Participant may apply to the Administrator or the Administrator's Designee to distribute all or a portion of the Participant's Deferred Compensation. Such application shall be made by completing and submitting all required forms for this purpose. The Participant must, prior to application, cease deferring Compensation in accordance with Paragraph F of Article III. If the application for the payment is approved by the Administrator, payments shall be effective as soon as possible after the date specified in the Participant's application or the date of approval by the Administrator, if later.

2. Unforeseeable Emergency Defined.

An unforeseeable emergency is defined as a severe financial hardship of the Participant resulting from:

- a) an illness or accident of the Participant, the Participant's spouse, or the Participant's dependent (as defined in Code section 152(a)).
- b) loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster);
- c) the need to pay for the funeral expenses of the Participant's spouse or dependent (as defined in section 152(a) of the Code); d) or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant; for example,
 - i) the imminent foreclosure of or eviction from the Participant's primary residence may constitute an unforeseeable emergency.
 - ii) the need to pay for medical expenses, including nonrefundable deductibles, as well as for the cost of prescription drug medication, may constitute an unforeseeable emergency. Except as otherwise specifically provided in Paragraph C of this Article V, neither the purchase of a home nor the payment of college tuition is an unforeseeable emergency.

3. Unforeseeable Emergency Distribution Standard.

A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved:

- a) through reimbursement or compensation from insurance or otherwise,
- b) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or
- c) by cessation of deferrals under the Plan.

4. Demonstration of Need

A Participant requesting a hardship withdrawal by reason of an unforeseeable emergency must clearly demonstrate that the circumstances giving rise to the emergency were not under the Participant's control and constitute a real

emergency which is likely to cause the Participant great financial hardship. ~~[THE ADMINISTRATOR MAY REQUIRE SUCH MEDICAL, FINANCIAL OR OTHER EVIDENCE DEEMED APPROPRIATE TO MAKE A DETERMINATION CONCERNING THE PARTICIPANT'S WITHDRAWAL REQUEST.]~~ The participant may self-certify that they have had an event that constitutes a hardship for the purpose of taking a hardship withdrawal on a form provided by the Administrator.

D. Distribution Requirements

1. General Rule

Notwithstanding any other provision of the Plan, distributions shall be determined and made in accordance with the applicable requirements of Code sections 401(a)(9) and 457(d) and proposed or final Treasury Regulations hereunder. These rules also apply to distributions to Beneficiaries or Alternate Payees.

2. Required Beginning Date

The entire interest of a Participant must be distributed or begin to be distributed no later than the Employee's required beginning date. The required beginning date of a Participant is the later of the first day of April of the calendar year following the calendar year in which the Participant attains age ~~[70-1/2 OR THE DATE OF ACTUAL RETIREMENT]~~ 73 after December 31, 2022 and age 75 for an individual who attains age 74 after December 31, 2032.

For the State of Alaska Employees' Deferred Compensation Plan.



Director Signature

4/17/2024

Date

Director

Title



Witnessed by

4/17/2024

Date

Chief Pension Officer

Title