



City and Borough of Wrangell  
Borough Assembly Meeting  
AGENDA

Tuesday, October 13, 2020  
6:00 PM

Location: ZOOM Teleconference

Resolution No. 03-20-1520 allows for the temporary suspension of in-person Assembly Meetings and allows for teleconference meetings, due to COVID-19, until October 17, 2020 unless terminated before that date.

Teleconference Information for anyone wishing to call into the meeting and speak under Persons to be Heard

**If you wish to call into the meeting to speak under Persons to be Heard**, please contact the Borough Clerk at 907-874-2381 or email: [clerk@wrangell.com](mailto:clerk@wrangell.com) **no later than Tuesday, October 13<sup>th</sup> at 4:00 p.m.** so that you can be added to the Sign-Up sheet.

You will be called in the order that your request is received.

Please note that KSTK is still broadcasting the Borough Assembly meetings. Therefore, if you wish only to listen in, you may do so by tuning into KTSK!

**To Join by Computer:**

**<https://zoom.us/j/9078742381?pwd=MTNqSEdncjRyakh2UCtMVUNxMndYUT09>**

**And Enter the Meeting ID: 907 874 2381**

**Then Enter Password: 99929**

**OR**

**To use your phone, call one of the following numbers:**

**+1 669 900 9128**

**+1 346 248 7799**

**+1 301 715 8592**

**+1 312 626 6799**

**+1 646 558 8656**

**+1 253 215 8782**

**And enter the Meeting ID: 907 874 2381**

**Then enter the Password: 99929**

**1. CALL TO ORDER**

- a. PLEDGE OF ALLEGIANCE led by Assembly Member Anne Morrison
- b. CEREMONIAL MATTERS

i. **PROCLAMATION** - Extra Mile Day

**2. ROLL CALL**

### **3. PERSONS TO BE HEARD**

### **4. AMENDMENTS TO THE AGENDA**

### **5. CONFLICT OF INTEREST**

### **6. CONSENT AGENDA**

**MOTION ONLY:** *Move to Approve the Consent Agenda, as submitted.*

- [a.](#) Minutes from the September 22, 2020 Regular Assembly Meeting
- [b.](#) Minutes from the October 8, 2020 Special Assembly Meeting
- [c.](#) Renewal of Retail Marijuana Store Licence #10200 from Kelsey J. Martinsen dba Happy Cannabis
- [d.](#) CORRESPONDENCE: School Board Action from the September 21, 2020 Meeting
- [e.](#) CORRESPONDENCE: Letter from Mayor Regarding Winter AMHS Schedule

### **7. BOROUGH MANAGER'S REPORT**

- [a.](#) COVID-19 Report (Verbal at Meeting)
- [b.](#) Parks & Recreation Report: September 2020
- [c.](#) Capital Facilities Department Report
- [d.](#) Airport Back-Up Generator Report
- [e.](#) Harbor Collections Activities: Vessels Owned by Steve Johnson
- [f.](#) Marine Service Center ADEC Notice of Violation Report

### **8. BOROUGH CLERK'S FILE**

- [a.](#) Borough Clerk's Report

### **9. MAYOR AND ASSEMBLY BUSINESS**

### **10. MAYOR AND ASSEMBLY APPOINTMENTS**

- [a.](#) Annual Vice-Mayor Appointment
- [b.](#) Annual Board and Committee Appointments
- [c.](#) Parks & Recreation Board Appointments

### **11. PUBLIC HEARING**

### **12. UNFINISHED BUSINESS**

### **13. NEW BUSINESS**

- [a.](#) Approval of Application to the ADEC State Revolving Loan Fund for the Water Treatment Plant Improvements Project Interim Financing Plan
- [b.](#) **RESOLUTION No. 10-20-1547** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, EXTENDING THE TEMPORARY AMENDMENT OF WRANGELL MUNICIPAL CODE SECTION 3.05.050 (TELECONFERENCING) RELATED TO ASSEMBLY MEETINGS AND PROVIDING GUIDANCE FOR ALL NON-ESSENTIAL BOROUGH COMMISSION, BOARD AND COMMITTEE MEETINGS

- c. Approval of Audit Engagement Letter with BDO, USA in the amount of \$53,500 for the FY 2020 Audit
- d. **EMERGENCY ORDINANCE No. 980** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA EXTENDING THE BOROUGH'S DECLARATION OF EMERGENCY RELATED TO THE NOVEL CORONAVIRUS (COVID-19) PANDEMIC AND GRANTING AUTHORIZATION TO TAKE ACTIONS NECESSARY TO PROTECT PUBLIC HEALTH DURING THE EMERGENCY THROUGH DECEMBER 31, 2020

**14. ATTORNEY'S FILE** – Available for Assembly review in the Borough Clerk's office

**15. EXECUTIVE SESSION**

- a. Discussion of Litigation Tactics and Strategies Concerning Filing a Motion for Attorney's Fees and Bill of Costs in the Litigation Case Valvoda v. Borough of Wrangell, et al, Case No. 1WR-19-8 CI

**16. ADJOURNMENT**

# Extra Mile Day PROCLAMATION November 1, 2020

**WHEREAS**, Wrangell, Alaska, is a community which acknowledges that a special vibrancy exists within the entire community when its individual citizens collectively “go the extra mile” in personal effort, volunteerism, and service; and

**WHEREAS**, Wrangell, Alaska, is a community which encourages its citizens to maximize their personal contribution to the community by giving of themselves wholeheartedly and with total effort, commitment, and conviction to their individual ambitions, family, friends, and community; and

**WHEREAS**, Wrangell is a community which chooses to shine a light on and celebrate individuals and organizations within its community who “go the extra mile” in order to make a difference and lift up fellow members of their community; and

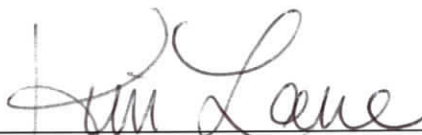
**WHEREAS**, the City & Borough of Wrangell acknowledges the mission of Extra Mile America to create 550 Extra Mile cities in America and is proud to support “Extra Mile Day” on November 1, 2020.

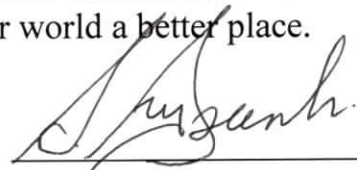
**NOW THEREFORE, I, Stephen Prysunka, Mayor of the City & Borough of Wrangell, Alaska, do hereby proclaim November 1, 2020, to be:**

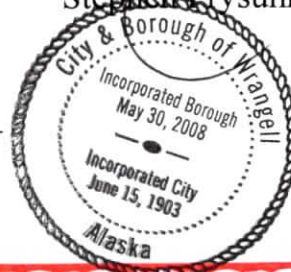
## Extra Mile Day

And I urge each individual in the community to take time on this day to not only “go the extra mile” in his or her own life, but to also acknowledge all those who are inspirational in their efforts and commitment to make their organizations, families, community, country, or world a better place.

Attest:

  
Kim Lane, MMC, Borough Clerk

  
Stephen Prysunka, Mayor



## Minutes of Regular Assembly Meeting

**Held on September 22, 2020**

Vice-Mayor Gilbert called the Regular Assembly meeting to order at 7:00 p.m., September 22, 2020 by Zoom teleconference. The pledge of allegiance was led by Ryan Howe and the roll was called.

PRESENT: GILBERT, MORRISON, DALRYMPLE, DECKER, HOWE

ABSENT: POWELL, PRYSUNKA

Borough Manager Von Bargaen and Borough Clerk Lane were also in attendance by teleconference.

CEREMONIAL MATTERS – None.

### PERSONS TO BE HEARD

Father Gallagher with St. Rose of Lima Catholic Church gave the invocation.

AMENDMENTS TO THE AGENDA – None.

### CONFLICT OF INTEREST

Howe declared a potential conflict of interest to Item 13a (Approval of Revised CARES Act Funding Plan with an Allocation up to \$125,000 for Wrangell Public Schools for COVID-19 Mitigation) due to his employment with the School District. Gilbert declared that as an employee of the school, none of the funds would directly benefit him, above any other employee of the school. Therefore, Gilbert stated that she did not see a conflict. There were no objections from the Assembly.

Gilbert declared a conflict of interest to Item 13a (Approval of Revised CARES Act Funding Plan with an Allocation up to \$125,000 for Wrangell Public Schools for COVID-19 Mitigation). Gilbert appointed Morrison to handle that item when it comes up. There were no objections from the Assembly.

### CONSENT AGENDA

- a. Minutes of the September 8, 2020 Regular Assembly Meeting
- b. Final Plat Approval of Zahorik Replat
- c. POA-2020-00314 Application for Dry Storage from Thomas Robinson 1
- d. CORRESPONDENCE - US Department of Transportation Request for Proposals from Air Carriers for Essential Air Service
- e. CORRESPONDENCE: Letter to Superintendent from Manager/EOC Re: COVID Response & Isolation Plan

***M/S: Morrison/Howe to approve the Consent Agenda, as presented. Motion approved unanimously by polled vote.***

### BOROUGH MANAGER'S REPORT

Von Bargaen provided updates on the following:

- Collective Bargaining Team moving forward
- HAA5 - Exceedance in drinking water
- Crystal Lake Hatchery Closure

- Public Safety Building Court office structure concerns
- RFQ for the Water Treatment Plant Design

Captain Sprehe provided a COVID update.

#### BOROUGH CLERK'S FILE

Clerk Lane's report was provided.

- Gave brief overview on the security of processing absentee ballots

MAYOR AND ASSEMBLY BUSINESS – None.

MAYOR AND ASSEMBLY APPOINTMENTS – None.

#### PUBLIC HEARING

**11a** Public Hearing: Seeking Community Comments on the Community Development Block Grant (CDBG) program, Fire Truck Purchase and for Staff to Provide a Status Update for the Project

Vice-Mayor Gilbert declared the Public Hearing open.

Tim Bunes, Fire Chief provided a status report on the project; anticipating a November start to building the truck and for the completion to be towards the end of February; after that, it will be transported to Oregon for a full mechanical check, then it will be transported to Wrangell via Alaska Marine Lines or the ferry system.

There were no public comments on this item.

Vice-Mayor Gilbert declared the Public Hearing closed. There was no action necessary for this item.

UNFINISHED BUSINESS – None.

#### NEW BUSINESS

**13a** Approval of Revised CARES Act Funding Plan with an Allocation up to \$125,000 for Wrangell Public Schools for COVID-19 Mitigation

***M/S: Decker/Dalrymple to Approve Revised CARES Act Funding Plan with an Allocation up to \$125,000 for Wrangell Public Schools for COVID-19 Mitigation.***

In response to Howe on what the thought process was behind the reduced amount, Von Bargaen stated that there was concern from the Assembly after the first appropriation was given and then rescinded; also because the school superintendent had indicated that the funds would not be used for staff, as originally indicated; that was the largest amount of the original funding request; it's clearly indicated that the school district could come back to the Assembly to ask for more funding, if necessary.

***Motion approved unanimously by polled vote. Vice-Mayor Gilbert did not vote or take part in the discussion.***

**13b** Approval of Amendment to the M/V Chugach Memorandum of Understanding (MOU) with the US Forest Service

***M/S: Morrison/Howe to approve amendment to the M/V Chugach Memorandum of Understanding with the USFS. Motion approved unanimously by polled vote.***

**13c** Approval of Change Order No. 1 to Ketchikan Mechanical, Inc. in the Amount of \$90,170.96 for the Touchless Plumbing Fixtures Project

***M/S: Morrison/Dalrymple to approve Change Order No. 1 to Ketchikan Mechanical, Inc. in the amount of \$90,170.96 for the Touchless Plumbing Fixtures Project.***

Amber Al-Haddad explained that this change order refers to the Harbor bathrooms, Parks bathrooms, City Hall bathrooms, and the lower level of the Public Safety Building.

Dalrymple expressed concern that this change order was a large amount; would have hoped that the original approval had included this amount as a whole package.

***Motion approved unanimously by polled vote.***

**13d** Approval of Sole Source Purchase of CAT LC50 Generator for Wrangell Medical Center (Wood Street) Sewer Pump Station in Conformance with Wrangell Municipal Code Section 5.10.050 (F) from NC Machinery in the Amount of \$25,675

***M/S: Howe/Morrison to Approve Sole Source Purchase of CAT LC50 Generator for Wrangell Medical Center (Wood Street) Sewer Pump Station in Conformance with Wrangell Municipal Code Section 5.10.050 (F) from NC Machinery in the Amount of \$25,675.***

Von Bargen stated that we do not have a backup power source that feeds the new hospital and clinic; this pump would be for the sewer pump station for that area; would be allowed to use hospital grant funds for this expense; trying to consolidate into using CAT equipment and NC Machinery is the only CAT dealer in the State; out of state CAT dealers will not bid against the Alaska CAT dealer.

***Motion approved unanimously by polled vote.***

**13e** RESOLUTION No. 09-20-1544 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, DESIGNATING CANVASS BOARD DUTIES TO TWO ASSEMBLY MEMBERS AND ONE QUALIFIED VOTING MEMBER OF THE COMMUNITY FOR CANVASSING THE RESULTS OF THE REGULAR ELECTION TO BE HELD OCTOBER 6, 2020

***M/S: Morrison/Howe to approve Resolution No. 09-20-1544 that designates the Canvass Board for the October 6, 2020 Regular Borough Election. Motion approved unanimously by polled vote.***

**13f** RESOLUTION No. 09-20-1545 OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA AMENDING THE FY 2021 BUDGET IN MULTIPLE FUNDS PROVIDING FOR THE FY 2021 CAPITAL BUDGET AND AUTHORIZING ITS EXPENDITURE

***M/S: Morrison/Dalrymple to approve Resolution No. 09-20-1545.***

Von Bargen explained each section of the Resolution for the Assembly and the listening public.

Von Bargen asked that Section 4 be amended to increase the total amount from \$160,000 to \$195,000, adding \$35,000 for the repair of the water transmission line as described by the Borough Manager.

***M/S: Decker/Morrison to amend Section 4 to increase the total amount from \$160,000 to \$195,000, adding \$35,000 for the repair of the water transmission line as described by the Borough Manager. Amendment approved unanimously by polled vote.***

***Main Motion, as amended, was approved unanimously by polled vote.***

**13g** Approval to hold a Special Assembly meeting to Certify the Oct 6th Regular Local Election

***M/S: Howe/Decker to Approve holding a Special Assembly meeting on October 8, 2020 at 6:00 p.m., to Certify the results of the Regular Borough Local Election. Motion approved unanimously by polled vote.***

**13h** Discussion Item: Emergency Declaration Order (ORD 976) & Suspension of In-Person Assembly Meetings (RES 03-20-1520)

Von Bargen stated that the emergency order is due to expire on October 17<sup>th</sup>; would like to bring a request to extend the emergency order until the end of the year, to the Assembly meeting of October 13<sup>th</sup>.

Von Bargen outlined the various options for returning to in-person meetings; meeting in the Assembly Chambers would result in modifying the *diaz*, which is not recommended; would not allow for the public to attend.

Lane stated that she had met with the Nolan Center director about temporarily moving the Assembly meetings there; will be looking into purchasing equipment so that can happen safely and effectively.

Decker requested that when considering the equipment for the meetings to be held at the Nolan Center, that the equipment also be able to be integrated into City Hall when meetings return to the Assembly Chambers.

Lane stated that she would bring something back to the Assembly at the next Assembly meeting to extend the Resolution and provide options for in-person meetings at the Nolan Center.

#### ATTORNEY'S FILE

**14** Available for Assembly review in the Borough Clerk's office.

#### EXECUTIVE SESSION

**15** Collective Bargaining Update

***M/S: Howe/Morrison moved Pursuant to AS 44.62.310 (c)(3), I move that we go into Executive Session, and invite the Borough Collective Bargaining Team, to provide an update of the status of***

***the Collective Bargaining Negotiations, a matter “which by law, municipal charter, or ordinance” is required to be confidential. Motion approved unanimously by polled vote.***

*Regular Assembly meeting recessed into Executive Session at 8:30 p.m.*

*Regular Assembly meeting reconvened back into Regular Session at 9:07 p.m.*

Regular Assembly meeting adjourned at 9:08 p.m.

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Stephen Prysunka, Mayor

ATTEST: 

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Kim Lane, MMC, Borough Clerk

**Minutes of Special Assembly Meeting  
Held on October 8, 2020**

Mayor Stephen Prysunka called the Special Assembly meeting to order at 6:00 p.m., October 8, 2020 by Zoom teleconference.

PRESENT: GILBERT, MORRISON, DALRYMPLE, POWELL, HOWE

ABSENT: DECKER

Borough Manager Von Barga and Borough Clerk Lane were also in attendance.

**CONFLICT OF INTEREST** – None.

**PERSONS TO BE HEARD:** None.

**ITEM(s) OF BUSINESS**

**5a RESOLUTION No 10-20-1546** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, CERTIFYING AND DECLARING THE RESULTS OF THE REGULAR BOROUGH ELECTION HELD OCTOBER 8, 2020

*M/S: Gilbert/Powell on to approve Resolution No. 10-20-1546, certifying and declaring the results of the Regular Municipal Election held October 6, 2020. I further move to acknowledge receipt of the Canvass Board Report of the October 6, 2020 Regular Election; declare that the election was validly held, and direct the Clerk to record in the minutes, the total number of votes cast for the candidates and for and against the ballot proposition. Motion approved unanimously by polled vote.*

*The total number of votes cast for the candidates is incorporated herein:*

**BOROUGH MAYOR  
One (1) Two-Year Term**

Stephen Prysunka	359
Write-ins	58

**ASSEMBLY  
Two (2) – Three-Year Terms**

Ryan Howe	274
Jennifer Jackson	217
Anne M. Morrison	332
Write-ins	5

**ASSEMBLY  
One (1) *Unexpired* One-Year Term**

Terry Courson	276
Bob Dalrymple	185

<i>Write-ins</i>	<i>0</i>
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**SCHOOL BOARD**  
One (1) – Three-Year Term

Laura Ballou	314
Constance Harris	131
<i>Write-ins</i>	<i>6</i>

**PORT COMMISSION**  
One (1) – Three-Year Term

Gary Morrison	422
<i>Write-ins</i>	<i>10</i>

**PORT COMMISSION**  
One (1) – *Unexpired* Two-Year Term

<i>Write-ins</i>	<i>51</i>
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The total number of votes cast for and against the ballot proposition is incorporated herein:

**PROPOSITION NO. 1**

Shall the City and Borough of Wrangell withdraw from, and no longer participate in, the port authority known as the Inter-Island Ferry Authority, as provided by Ordinance No. 979 of the City and Borough of Wrangell?

YES	280
NO	177

**5b**      Distribute Certificates of Service for Outgoing Elected Officials

Mayor Prysunka presented certificates of service for:

Assembly Member Bob Dalrymple  
Port Commissioner Mark Mitchell  
School Board Member Beth Heller  
School Board Member Jeanie Arnold

Regular Assembly Meeting adjourned at 6:10 p.m.

\_\_\_\_\_  
Steve Prysunka, Mayor

ATTEST: \_\_\_\_\_  
Kim Lane, MMC, Borough Clerk

## Alcohol &amp; Marijuana Control Office

License # [REDACTED]  
Initiating License Application Item c.  
6/18/2020 10:20:54 AM

**License Number:** 10201

**License Status:** Active-Operating

**License Type:** Standard Marijuana Cultivation Facility

**Doing Business As:** HAPPY CANNABIS

**Business License Number:** 1033845

**Designated Licensee:** Kelsey Martinsen

**Email Address:** kjm420@hotmail.com

**Local Government:** Wrangell (City and Borough of)

**Local Government 2:**

**Community Council:**

**Latitude, Longitude:** 56.471000, -132.383000

**Physical Address:** 225 South Front Street  
Wrangell, AK 99929  
UNITED STATES

**Licensee #1**

**Type:** Individual

**Name:** KELSEY J MARTINSEN

**SSN:** [REDACTED]

**Date of Birth:** [REDACTED]

**Phone Number:** 907-305-0292

**Email Address:** kjm420@hotmail.com

**Mailing Address:** po box 110  
Wrangell, AK 99929  
UNITED STATES

**Licensee #2**

**Type:** Individual

**Name:** SARINEE NUAMNUI

**SSN:** [REDACTED]

**Date of Birth:** [REDACTED]

**Phone Number:** 907-305-0292

**Email Address:** kjm420@hotmail.com

**Mailing Address:** po box 110  
Wrangell, AK 99929  
UNITED STATES

**Entity Official #1**

**Type:** Individual

**Name:** Sarinee Nuamnui

**SSN:** [REDACTED]

**Date of Birth:** [REDACTED]

**Phone Number:** 907-305-0292

**Email Address:** kjm420@hotmail.com

**Mailing Address:** po box 110  
Wrangell, AK 99929  
UNITED STATES

**Entity Official #2**

**Type:** Individual

**Name:** Kelsey Martinsen

**SSN:** [REDACTED]

**Date of Birth:** [REDACTED]

**Phone Number:** 907-305-0292

**Email Address:** kjm420@hotmail.com

**Mailing Address:** po box 110  
Wrangell, AK 99929  
UNITED STATES

**Note:** No affiliates entered for this license.

## COMMERCIAL PROPERTY LEASE AGREEMENT

between

Kelsey Jene Martinsen and Sarinee Nuamnui,  
P.O. Box 110  
Wrangell, AK 99929  
as Landlord

and

Kelsey Jene Martinsen and Sarinee Nuamnui,  
DBA Happy Cannabis  
225 Front Street  
Wrangell, Alaska 99929  
as Tenant.

### Effective Date

April 1, 2016

## PARTIES

This agreement ("Agreement" or "Lease") is made effective the 1st day of April, 2016, by and between Kelsey Jene Martinsen and Sarinee Nuamnui, P.O. Box 110, Wrangell, AK 99929 ("Landlord") and Kelsey Jene Martinsen and Sarinee Nuamnui, DBA Happy Cannabis, 225 Front Street, Wrangell, Alaska 99929 (Tenant").

## RECITALS

A. Landlord: (i) is the owner of developed commercial real property located at 225 Front Street, Wrangell, Alaska more particularly described below (the "Real Property" or "Premises"); (ii) desires to lease such Real Property with the improvements existing thereon to Tenant;

B. Tenant wishes to lease from Landlord the Commercial Real Property with its improvements, located at 225 Front Street, Wrangell, Alaska 99929.

## CONSIDERATION

For good and valuable consideration received and to be received, the sufficiency of which is hereby acknowledged by the parties; the parties have agreed, and hereby agree, as follows:

## TERMS AND CONDITIONS

### 1. Demise of Premises.

Landlord agrees to lease to Tenant and Tenant agrees to lease from Landlord that portion of following described Real Property known as 225 Front Street, located in the Wrangell Recording District, First Judicial District, State of Alaska:

A portion of Lot One (1), Block One-A (1-A), Tidelands Addition to U.S. Survey 1119, Wrangell Subdivision, according to the official tideland subdivision plat, prepared by Hubbell and Waller Engineering Corporation, approved by the Common Council of the City of Wrangell on October 13, 1964 and filed April 12, 1965 as Plat No. 65-87, Wrangell Recording District, First Judicial District, State of Alaska.

2. Term.

The term of this lease shall be for a period of one (1) year, commencing on the 1st day of April 2016, ("Commencement Date") and ending on the 30th day of March 2016, and subject to the renewal and termination provisions contained herein.

3. Option to Renew.

Tenant is granted the right to renew this Lease for ten additional periods of one year each. This Lease shall automatically renew unless Tenant gives written notice by certified mail, delivered to addressee only, return receipt requested, at least one month prior to the end of the normal one-year term of this lease that Tenant has elected not to renew this Lease. Tenant may also personally serve Landlord in a manner according to the Superior Court rules, in and for the First Judicial District, State of Alaska, the election to not renew. At least one month prior to the renewal date, the Tenant shall provide Landlord with a Notice which shall specify and include all of Tenant signatures, and shall notify Landlord in writing of the then existing legal nature of Tenant, together with Articles of Incorporation or partnership or limited partnership or certificate of formation of limited liability company, as the case may be, names, addresses and telephone numbers of all persons involved in an ownership position of Tenant.

4. Recision of Previous Agreements

Upon the execution of this agreement by the Landlord and the Tenant, all previous lease agreements for the real property described in Paragraph 1, between the Landlord and the Tenant or any portion thereof are rescinded and held null and void.

5. Base Rent.

The parties have agreed that the rent shall be Ten Dollars (\$10.00) per year

6. Utilities.

Tenant, upon execution of this lease agrees to contract with the appropriate provider of utilities and pay for all public utilities which shall be used in or charged against the Real Property and to hold the Landlord harmless from such charges.

## 7. Insurance.

Tenant, upon execution of this lease, shall provide the following:

- a. **Property Insurance:** Tenant shall, at Tenant's expense, maintain on all improvements belonging to Landlord and on all of Tenant's personal property and leasehold improvements and alterations on the Premises, full coverage for property damage, including special form perils insurance coverage, of their replacement value, including demolition costs. The property coverage shall include coverage relating to Ordinance and Law issues. This provision shall be satisfied if Landlord maintains the required property insurance and is reimbursed by tenant.
- b. **Liability Insurance:** Tenant shall, at its own expense, maintain throughout the term of this Lease, commercial general liability limits (BI & PD) \$1,000,000 per occurrence and \$2,000,000 aggregate; sexual molestation coverage, \$100,000 per occurrence, \$300,000 aggregate; professional liability \$1,000,000; owned auto & non-owned auto liability \$1,000,000 per occurrence. The tenant shall maintain a commercial umbrella policy with additional \$1,000,000 limits over the commercial general liability and the commercial auto coverages. Within a reasonable time but in no case beyond a year after the effective date of this lease, this coverage shall be reviewed and coverages adjusted to reflect current industry standards. At each five (5) year anniversary date of the effective date of this lease, these limits shall be reviewed to determine the change in industry standards and then adjusted accordingly.

**Certificates:** In all policies the Tenant is to provide, the Landlord shall be named as an additional insured, and shall be furnished a copy of such policy or policies or certificate(s) of coverage, or both, at the Landlord's election. Each certificate of insurance shall provide that the insurance policy or policies are not subject to cancellation without at least thirty (30) days advance written notice of such cancellation having been first given to the Landlord.

Any General Contractor performing more than fifty thousand dollars (\$50,000.00) of work on the site shall name the Landlord as an additional insured on its liability policies and provide the Landlord with certificates of insurance indicating the same.

## 8. Waiver of Subrogation.

Neither Landlord nor Tenant shall be liable to the other (by way of subrogation or otherwise) or to any insurance company insuring the other party for any loss or damage to the Premises, the improvements or any structure or other tangible property located

therein, or any resulting loss of income, or losses under worker's compensation laws and benefits, even though such loss or damage might have been incurred by the negligence of such party, its agents or employees, if any such loss or damage is covered by insurance benefiting the party suffering such loss or damage or was required to be covered by insurance pursuant to this Lease. This waiver applies to each party's directors, officers, employees, shareholders, members, and agents. The waiver does not apply to claims caused by a party's willful misconduct. Tenant and Landlord shall promptly give notice to their insurance carriers) that the foregoing mutual waiver of subrogation is contained in this Lease. If either party, is thereafter unable to obtain insurance at reasonable commercial rates providing coverage under a waiver of subrogation within thirty 30 days of the Commencement Date of this Lease for Landlord or execution of a Construction Contract for Tenant, both parties shall be released from their obligation to obtain the Waiver.

9. Purpose: Operation of a cannabis growing and sales business.

Tenant intends to use the Real Property, to use existing buildings, and to construct additional buildings and related improvements for use as a cannabis growing and retail business and to conduct such other activities as are incidental and reasonably related to such facility or such other activities or legal uses to which the Landlord consents.

10. Construction of Improvements.

Tenant intends to use existing buildings and to construct or reconstruct one or more buildings to comprise a growing facility on the Premises. These improvements and any others Tenant intends to construct on the Premises shall be at Tenant's cost. The construction of all improvements, alterations and/or installation of fixtures shall be carried out by Tenant in a first-class manner at its sole cost and expense, and in full compliance with all federal, state, county and other governmental statutory and regulatory requirements. Until the expiration or sooner termination of this Lease, and subject to the provisions of the section entitled, DISPOSITION OF IMPROVEMENTS AT END OF LEASE, hereof, title to any improvements situated and constructed by Tenant on the Premises and any alteration, change or addition thereto, as well as title to fixtures and articles of personal property attached to or used in connection with the Premises by Tenant, shall remain solely in Tenant.

11. Disposition of Improvements at end of Lease.

Tenant shall have the right to remove all equipment, personal property, improvements, including any portable buildings constructed by Tenant premises, fixtures and trade fixtures which may have been placed upon the Premises by Tenant during the period of

this Lease, *provided* that the same are removed upon conclusion of the Lease and that the Lease is in good standing *and further provided* that Tenant shall not have the right to remove any equipment, personal property, improvements, fixtures or trade fixtures during any period of Tenant's default. Any equipment, personal property, improvements, on the premises and any structures erected by the tenant during the lease period, fixtures and trade fixtures not removed from the premises by Tenant at the termination or expiration of the Lease shall revert to Landlord. All other improvements shall become the property of the Landlord. If Tenant does not remove all equipment, personal property and trade fixtures which have been placed on the Premises by Tenant during the period of this Lease and Landlord wants the property removed, then the same shall be removed and stored at Tenant's expense and Landlord shall recover any costs and expenses from the Tenant resulting from the removal.

12. Condition of the Premises.

Landlord makes no warranties regarding the condition of the property, or its sub-surface conditions, and Tenant accepts the Premises in its present condition; is not relying upon any covenants, warranties or representations of Landlord as to its condition or usability, except Landlord's right to grant a lease of the property and subject to the covenants contained in the section of this Lease entitled ENVIRONMENTAL PROVISIONS; and agrees to make any changes in the Premises necessary to conform to federal, state and local law applicable to Tenant's use of the Premises.

13. Tenant will obtain Permits/Landlord Cooperation.

Tenant shall be solely responsible for obtaining and complying with all permits, approvals or licenses required for the operation and conduct of Tenant's activities and the construction, installation, erection and/or operation of any structures, facilities or equipment, including but not limited to, items constituting alterations or additions, or defined as trade fixtures on the Premises. Landlord shall cooperate with Tenant to obtain the approvals for structures and any other approvals needed for the construction. If Tenant fails to obtain and comply with such permits, then Tenant accepts full responsibility for any and all costs incurred by the Landlord, including actual attorney's fees, incurred by Landlord pursuing Tenant's default for its failure to obtain and/or comply with such permits. Tenant agrees to hold the Landlord harmless from any liability and to fully reimburse expenses of the Landlord for Tenant's failure to obtain and/or fully comply with any necessary permit.

14. Laws and Regulations.

The Tenant agrees, at its sole cost and expense, to conform to, comply with and abide by all lawful rules, codes, ordinances, requirements, orders, directions, laws and regulations of the United States, the State of Washington, and any municipality or agency of any of said entities, including without limitation those relating to environmental matters, now in existence or hereafter promulgated, applicable to the Tenant's use and operation of said Premises, including the construction of any improvements thereon, and not to permit said Premises to be used in violation of any of said rules, codes, laws or regulations. Any fees for inspection of the Premises during or for the term of this Lease by any federal, state or municipal officer shall be paid by Tenant. Tenant shall pay all costs, expenses, liabilities, losses, damages, fines, penalties, claims, and demands, including reasonable counsel fees that may in any manner arise out of or be imposed because of the failure of Tenant to comply with the covenants of this section.

#### 15. Environmental Provisions.

This section delineates the Landlord's and the Tenant's rights and obligations with respect to the release, spillage, storage, transportation or any other aspect of handling hazardous or toxic materials of any nature ("Hazardous Material") regulated by federal and or state law ("Hazardous Material Regulation")

a. Tenant covenants to defend, indemnify, and hold Landlord harmless from any imposition or attempted imposition by any person upon Landlord of any obligation or cost ("liability") of whatever form, including, without limitation, damages; claims; governmental investigations, proceedings or requirements; attorney fees in investigation, at trial or administrative proceeding, or on appeal; witness or consultant costs; or any other liability to the extent that such liability arises from a violation, or alleged violation, or from the failure to satisfy a requirement, or alleged requirement, of any Hazardous Material Regulation and or any environmental or land use law or regulation or arising from the release, spillage, or any other mishandling or misuse of any Hazardous Material causing damage to the property of, or resulting in injury to, any third any person, and proximately resulting from Tenant's use of the Premises during the term of this Lease, and without regard to when the liability is asserted.

b. In like manner as in subsection (a.) above, so Landlord shall indemnify Tenant solely for liability proximately resulting from use of the Premises prior to the commencement of this Lease, or from conditions caused by Landlord subsequent to the Commencement Date.

c. Landlord represents and Tenant acknowledges that Landlord has visually inspected the Premises for legally impermissible Hazardous Material contamination and that none was apparent on the surface of the Premises from a

visual inspection as of the date of this Lease.

d. Tenant shall notify Landlord within twenty-four (24) hours of its discovery of any release of a reportable quantity of any Hazardous Material, or of the receipt by Tenant of any notices, orders or communications of any kind from any governmental entity which relate to the existence of or potential for Hazardous Material or environmental pollution of any kind existing on or resulting from the use of the Premises or any activity conducted thereon. If Tenant fails to comply with any of the requirements of this section, Landlord may undertake, without cost or expense to Landlord, any actions necessary to protect Landlord's interest including steps to comply with such laws.

16. Maintenance/Commit no Waste.

The Tenant shall at all times during the term of this Lease maintain the Premises in good condition, maintaining and repairing any structural defect to the premises, including the roof structure, exterior walls and foundations and shall maintain the structure of the buildings in a good state of repair. The Tenant shall replace any broken windows, maintain the heating system and hot water heater, and shall, at its sole cost and expense, keep the Premises neat, clean and in a safe and sanitary condition. Tenant shall maintain and repair in a good condition the interior of the buildings, including lighting, electrical and plumbing. Tenant shall be responsible to repair plumbing damage or repairs necessary beyond the foundation lines. Tenant shall maintain the yard area in its present or better condition. Tenant shall wash windows, maintain and repair carpet or flooring, sidewalks and walkways. Tenant shall maintain required fire extinguishers, alarm systems and life or safety equipment required. The Tenant shall maintain the kitchen area, including dishwasher, stove garbage disposal, and all other equipment. The tenant shall maintain blinds and window coverings. Tenant agrees not to allow conditions of waste and refuse to exist on the Premises. Tenant shall also maintain all improvements constructed by Tenant in good repair and in a neat and clean condition at all times.

17. Liens and Insolvency.

Tenant shall keep the Premises free from any liens arising out of work performed, materials furnished, or obligations incurred by Tenant. In the event Tenant becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee or other liquidating officer is appointed for the business of the Tenant, then the Landlord may cancel this Lease at Landlord's option.

## 18. Termination.

Upon Termination of this lease or any extension thereof, whether by expiration of the stated term or sooner termination thereon as herein provided, Tenant shall surrender to Landlord said Premises peaceably and quietly and in the condition required under paragraphs entitled Maintenance/Commit No Waste and Disposition of the improvements at End of Lease.

## 19. Default and Re-Entry

Time is of the essence of the agreement (i) If (a) any rent or other payment due from Tenant Hereunder remains unpaid for more than thirty (30) days after the due date; (b) Tenant files a voluntary petition in bankruptcy or makes general assignment to the benefit of, or a general arrangement with, creditors; c() there is involuntary bankruptcy filed against Tenant that has not been dismissed within ninety (90) days of filing; (d) Tenant becomes insolvent; or (e) a receiver, trustee, or liquidating officer is appointed for Tenant's business; or (ii) If Tenant violates or Breaches any of the other covenants, agreements, stipulations or conditions herein, and such violation or breach shall continue for a period of thirty (30) days after written notice of such violation or breach is sent to Tenant, then Landlord may at its option declare this Lease forfeited and must contact State of Alaska Alcohol Marijuana Control Board stating the termination of the lease. Landlord may not make any attempt to take possession of cannabis and cannabis products. Once Landlord has secured permission from State of Alaska Alcohol Marijuana Control Board then the Landlord may at its option, declare this Lease forfeited and the term hereof ended and thereupon take such further actions to recover possession of the premises as may be permitted by law or, upon an abandonment of the Premises by Tenant without Tenant authorized Landlord to relet the Premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this Lease) and at such rent or rents and upon such other terms and conditions as Landlord in its sole discretion deems advisable. Upon each such reletting, all rents received by landlord from such reletting shall be applied, first to the payment of any amounts other than rent due hereunder from Tenant to Landlord: second, to the payment of any costs and expenses of such reletting and renovation, including brokerage fees and attorneys' fees; third, to the payment of the rent due and unpaid hereunder, and residue, if any shall be held by landlord and applied to payment of future rent as the same may become due and payable hereunder. If rent received from such reletting during any month are less than that to be paid during that month by tenant hereunder, Tenant shall pay any such deficiency to Landlord and Tenant covenants and agrees to pay Landlord for all other expenses resulting from its default, including, but not limited to, brokerage commissions, attorneys' fees and reasonable cost of converting the Premises for the benefit of the next Tenant. Delinquent rent and other payments shall bear interest at the rate of twelve percent (12%) per annum (at the prime rate plus four percent (4%) if that rate exceeds twelve percent (12%) at the time of delinquency from the date due until paid. In the event of any default hereunder and entry in, or taking possession of, the Premises in the manner provided by law. Landlord shall have the right, but not the obligation, to remove from the premises all

personal property located therein, and may store the same in any place selected by Landlord, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored property, without notice to Tenant, after it has been stored for a period of thirty (30) days or more, with the proceeds of such sale to be applied to the cost of such sale and to the payment of charges for storage, and to the payment of any other sums of money which may then be due from Tenant to Landlord under any of the terms hereof.

If Landlord violates or breaches any of the other covenants, agreements, stipulations or conditions herein, and such violation or breach shall continue for a period of thirty (30) days after written notice of such violation or breach is sent to Landlord, then Tenant may at its option, declare this Lease terminated and the term hereof ended and thereupon take such further actions as are permitted under the section entitled DISPOSITION OF IMPROVEMENTS AT END OF LEASE herein. Alternatively, Tenant may continue the Lease and seek any other legal and equitable remedy available for Landlord's violation or breach.

20. Assignment and Sublease.

Tenant shall not, by operation of law or otherwise, assign or sublease any portion of the Premises without Landlord's prior written consent. The consent of Landlord to any assignment or sublease shall not in any manner be construed to relieve Tenant from obtaining Landlord's express written consent to any other or further assignment or sublease.

21. Landlord's Right to Enter Premises.

Landlord and/or its authorized representatives shall have the right to enter the Premises at all reasonable times for any of the following purposes:

- a. To determine whether or not the Premises are in good condition or whether the Tenant is complying with its obligations under this Lease;
- b. To do any necessary maintenance and to make any restoration to the Premises that the Landlord has the right or obligation to perform;
- c. To post "For Rent" or "For Lease" signs during any period that the Tenant is in default;
- d. To repair, maintain or improve the Premises; and
- e. To do any other act or thing necessary for the safety or preservation of the

## Premises.

Except in the event of bona fide emergencies, Landlord shall provide notice to Tenant not less than twenty-four (24) hours in advance of any such inspection.

Landlord shall not be liable in any manner for any inconvenience, disturbance, loss of school time, interference with business advantage, nuisance, or other damage arising out of the Landlord's entry onto the Premises as provided in this section. Landlord shall conduct its activities on the Premises as provided herein in a manner that will cause the least inconvenience, annoyance or disturbance to the Landlord.

## 22. Notices.

All notices or payment hereunder may be delivered by hand, E-mail, facsimile or mailed to the parties at the addresses below. Notices are deemed given when received; mailed notices shall be deemed received three days after mailing.

### LANDLORD:

Kelsey Jene Martinsen and Sarinee Nuamnui,  
P.O. Box 110  
Wrangell, AK 99929

### TENANT:

Kelsey Jene Martinsen and Sarinee Nuamnui,  
DBA Happy Cannabis  
225 Front Street  
Wrangell, Alaska 99929

## 23. Time is of the Essence.

It is mutually agreed and understood that time is of the essence in this Lease and that a waiver of any default of Tenant or Landlord shall not be construed as a waiver of any subsequent default, and that any Notice required to be given under this Lease may be given by United States Mail addressed to the party identified in paragraph 29, entitled NOTICES of this Lease, or to such other addressees) that either may hereafter provide in writing to the other party for such purpose.

## 24. Covenants and Warranties of Landlord.

- a. Landlord and Warranties of Title. Landlord hereby represent and warrants

to tenant that it owns and holds good, marketable and unencumbered fee simple title to the Premises, subject only to (a) exceptions, reservations, restrictions, rights of way, easements, covenants, conditions, notations, orders and other matters of record, (b) obstructions, defects and encroachments which a thorough physical investigation, inspection and survey of the Premises and adjacent properties would reveal, and (c) orders, ordinances, rules, regulations, statutes, laws and codes applicable to the Premises.

b. Quiet Possession and Enjoyment. Tenant shall have quiet possession and enjoyment of the Premises during the Term hereof and any extension or renewal thereof.

c. Rights of Access, Ingress & Egress. During the Term hereof, Landlord shall continuously provide to Tenant rights of pedestrian and vehicular ingress and egress to the Premises from the public road or highway.

d. Landlord's Consent. Where the consent or approval of the Landlord is required hereunder, such consent shall not be unreasonably withheld.

25. Eminent Domain - Total Taking and Partial Taking.

If any part of the Premises shall be taken or condemned for public use and a part thereof remains which is susceptible of occupation hereunder, this Lease shall, as to the part taken, terminate as of the date the condemnor acquires possession, and thereafter Tenant shall be required to pay such proportion of the rent for the remaining term as the value of the Premises including improvements remaining bears to the total value of the Premises at the date of condemnation. In the event the Premises are condemned in whole, or that such portion is condemned that the remainder is not susceptible for use hereunder, this Lease shall terminate upon the date of possession of the condemnor. Any and all sums which may be payable on the account of the condemnation shall be allocated between land and improvements. Tenant shall be entitled to payments for taking improvements. Landlord shall be entitled to payments for taking land and loss of the Lease and revenue here from. Loss of business or occupancy, or other damage personal to the Tenant shall belong to the Tenant or those occupying the improvements. Moving expenses or other allowance allowed by statute or law shall be as specified in the statute or law.

26. Damage and Destruction.

In the event of destruction or substantial damage or other casualty of any building or structure on the Premises, which, in the sole opinion of Tenant, precludes continued use of the Premises as a school without reconstruction, Tenant may exercise the option to not

rebuild. If Tenant exercises its option to not rebuild, Tenant shall provide Landlord with written Notice of Tenant's election. Upon such written Notice to the Landlord, this Lease shall terminate on the date of said Notice or upon such other date provided in the Notice.

In the event that either of the original buildings, the house at 505 Spring Street or the house at 535 Spring Street, is destroyed or rendered unusable by fire or other calamity, the rent will be reduced during the rebuilding period by the same percentage that the fair market value of the overall property is reduced by the fact that a building was destroyed. If the building is not rebuilt or repaired by the landlord, the reduction in rent shall be permanent.

## 27. Tenant Security Assignment.

Landlord acknowledges that Tenant may seek private or bank financing with respect to construction of buildings on the Premises. In order to assist the Tenant in obtaining such financing, Landlord and Tenant agree as follows:

Tenant shall have no right, power or authority to assign all of any portion of Tenant's right, title or interest in or to this Agreement and/or its Leasehold Estate for security purposes other than as follows: Upon written notice to the Landlord, Tenant shall have the right to provide a financial institution or private party ("Security Assignee") with a security interest, lien or encumbrance, including a mortgage or deed of trust on Tenant's Leasehold Estate and/or assignment of Tenant's interest in this Agreement for security, provided that such security interest, lien or encumbrance: (a) does not extend or attach to or affect Landlord's Reversionary Estate; and (b) is for a loan ("Loan") made by the Security Assignee solely for the construction, refurbishment or reconstruction of Improvements on or to the Premises. Such Security Assignee shall be subrogated to any and all rights and remedies of Tenant with respect to the curing of any default under this Agreement by Tenant if and to the extent that Tenant has assigned such rights and remedies to such Security Assignee; provided, however, that such Security Assignee shall have an additional thirty (30)-day grace period to effect such cure over and above whatever time is allotted by this Agreement for Tenant to do so. If any such Security Assignee should give Landlord notice of its right, title or interest in or to the Leasehold Estate before any uncured default by Tenant has occurred under or with respect to this Agreement, Landlord shall thereafter give such Security Assignee a copy of each notice that Tenant is entitled to under this Agreement, and Landlord shall not thereafter enter into any amendment of this Agreement or any extension of the Lease Term that Tenant is not entitled to as a matter of right under this Agreement without the prior written consent of such Security Assignee. Landlord understands that this Agreement may be exhibited to and relied upon by the said Security Assignee, its successors and assigns, and no further notice need be given to the Landlord of the acceptance of the same Security Assignee, its successors or assigns, or the making of the said loan.

28. Binding Arbitration.

In the event of dispute, the parties agree to binding arbitration pursuant to RCW 7.04A.101-903. Any decision of an arbiter may be recorded by either party at the San Juan County Superior Court clerk's office, and enforced as a judgment. Notice of a party's intention to invoke this paragraph shall be given in accordance with paragraph 28 of this agreement.

29. Costs and Attorney Fees.

If by reason of default on the part of either party to this Lease agreement it becomes necessary to employ an attorney to recover any payments due hereunder or to enforce any provision of this Lease, the prevailing party, whether such party be the successful claimant or the party who successfully defended against the claim of the other party, shall be entitled to recover a reasonable attorney's fee and to be reimbursed for such costs and expenses as may have been incurred by such prevailing party, including those incurred on appeal.

30. Short Form Memorandum of Lease.

Landlord and Tenant agree to record a Short Form Memorandum of Lease in the form attached as Exhibit C.

31. Entire Agreement.

This Agreement contains the entire and integrated agreement of the parties and may not be modified except in writing signed and acknowledged by the parties.

32. Captions and Construction.

The captions in this Lease are for the convenience of the parties and others reviewing the Lease and are not to be considered in the interpretation of the Lease terms.

33. Conflict of Provisions.

In case of conflict between two or more provisions of the Lease, the more specific

IN WITNESS WHEREOF, Landlord has signed and dated the foregoing instrument this \_\_\_\_ day of August 2018.

Tenant:

  
Kelsey Jene Martinsen

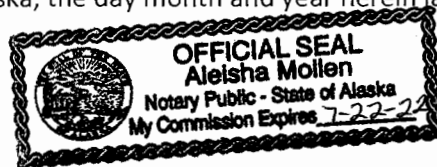
Sarinee Nuamnui  
Sarinee Nuamnui

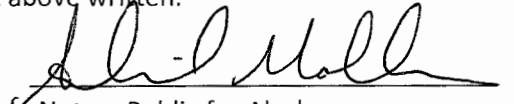
NOTARY

State of Alaska )  
 ) ss  
First Judicial District )

I, the undersigned, a notary in and for the State of Alaska, hereby certify that on this 31<sup>st</sup> day of August 2018, personally appeared before me. Kelsey Jene Martinsen to me known and known to me to be the individual described in and who executed the within instrument and acknowledged that he signed and sealed the same freely and voluntarily as his act and deed, for the uses and purpose therein mentioned

Dated at Wrangell, Alaska, the day month and year herein last above written.



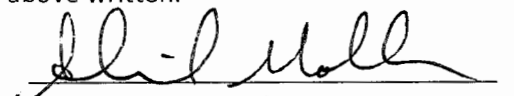
  
Notary Public for Alaska  
My Commission Expires 7-22-22

State of Alaska )  
 ) ss  
First Judicial District )

I, the undersigned, a notary in and for the State of Alaska, hereby certify that on this 31<sup>st</sup> day of August 2018, personally appeared before me. Sarinee Nuamnui to me known and known to me to be the individual described in and who executed the within instrument and acknowledged that he signed and sealed the same freely and voluntarily as his act and deed, for the uses and purpose therein mentioned

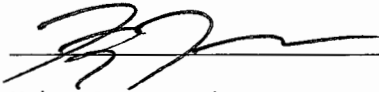
Dated at Wrangell, Alaska, the day month and year herein last above written.



  
Notary Public for Alaska  
My Commission Expires 7-22-22

IN WITNESS WHEREOF, Landlord has signed and dated the foregoing instrument this \_\_\_\_ day of August 2018.

Landlord:



Kelsey Jene Martinsen



Sarinee Nuamnui

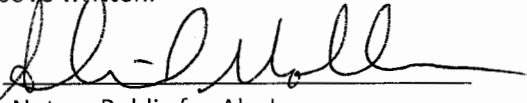
NOTARY

State of Alaska )  
 ) ss  
 First Judicial District )

I, the undersigned, a notary in and for the State of Alaska, hereby certify that on this 31<sup>st</sup> day of August 2018, personally appeared before me. Kelsey Jene Martinsen to me known and known to me to be the individual described in and who executed the within instrument and acknowledged that he signed and sealed the same freely and voluntarily as his act and deed, for the uses and purpose therein mentioned

Dated at Wrangell, Alaska, the day month and year herein last above written.



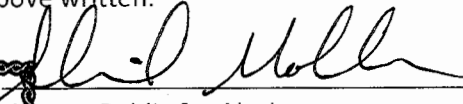
  
 Notary Public for Alaska  
 My Commission Expires 7-22-22

State of Alaska )  
 ) ss  
 First Judicial District )

I, the undersigned, a notary in and for the State of Alaska, hereby certify that on this \_\_\_\_ day of August 2018, personally appeared before me. Sarinee Nuamnui to me known and known to me to be the individual described in and who executed the within instrument and acknowledged that he signed and sealed the same freely and voluntarily as his act and deed, for the uses and purpose therein mentioned

Dated at Wrangell, Alaska, the day month and year herein last above written.



  
 Notary Public for Alaska  
 My Commission Expires 7-22-22



Alaska Marijuana Control Board

## Form MJ-20: Renewal Application Certifications

### What is this form?

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

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

### Section 1 – Establishment Information

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

Licensee:	Kelsey J. Martinsen, Sarinee Nuamnui	License Number:	10201		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Happy Cannabis				
Premises Address:	225 South Front Street				
City:	Wrangell	State:	Alaska	ZIP:	99929

### Section 2 – Individual Information

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

Name:	Kelsey J. Martinsen
Title:	Owner Operator

### Section 3 – Violations & Charges

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

Initials

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

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

I certify that a notice of violation has **not** been issued to this license between July 1, 2019 and June 30, 2020.

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

Initials

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



## Section 4 – Certifications

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

Initials

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

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

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

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

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

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

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

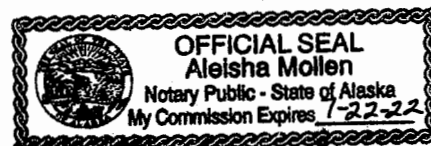
Signature of licensee

Notary Public in and for the State of Alaska

Kelsay J. Martinsen  
Printed name of licensee

My commission expires: 7-22-22

Subscribed and sworn to before me this 22<sup>nd</sup> day of June, 2020.





## Alaska Marijuana Control Board

**Form MJ-20: Renewal Application Certifications****What is this form?**

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

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

**Section 1 – Establishment Information**

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

Licensee:	Sarinee Nuamnui, Kelsey J. Martinsen	License Number:	10201		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Happy Cannabis				
Premises Address:	225 South Front Street				
City:	Wrangell	State:	Alaska	ZIP:	99929

**Section 2 – Individual Information**

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

Name:	Sarinee Nuamnui
Title:	Owner

**Section 3 – Violations & Charges**

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

Initials

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

SN
----

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

SN
----

I certify that a notice of violation has **not** been issued to this license between July 1, 2019 and June 30, 2020.

SN
----

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

Initials

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

--



## Section 4 – Certifications

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

Initials

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

SN

I certify that I meet the residency requirement under AS 43.23 or I have submitted a residency exception affidavit (MJ-20a) along with this application.

SN

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

SN

I certify that the license is operated in accordance with the operating plan currently approved by the Marijuana Control Board.

SN

I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.

SN

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

SN

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

SN

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

Saxinee Nuamnui  
Signature of licensee

Aleisha Mollen  
Notary Public in and for the State of Alaska

Saxinee Nuamnui  
Printed name of licensee

My commission expires: 7-22-2022

Subscribed and sworn to before me this 22<sup>nd</sup> day of June, 2020.



## ***PARTNERSHIP AGREEMENT***

This Partnership Agreement (the "Agreement") is made and entered into this March 28, 2016 (the "Effective Date"). The Partners in this Agreement are as follows:

- Kelsey Jene Martinsen
- Sarinee Nuamnui

The Partners to this Agreement agree to the following:

### **I. NAME**

This Partnership will be known as Happy Cannabis (the "Partnership").

### **II. THE PARTNERSHIP**

- The Partners wish to become legal partners in business.
- The terms and conditions of their Partnership will be outlined in this Agreement.
- If the Agreement is executed, the Partnership will be in effect on March 28, 2016.
- The Partnership will only be terminated as outlined in this Agreement.
- The Partnership's primary place of business will be 225 South Front Street, Wrangell, Alaska, 99929.
- The Partnership will be governed under the laws of the state of Alaska.
- The Partnership's primary purpose is Cultivate, process and sell Cannabis..
- If applicable, the Partners will obtain any necessary licenses and permits to do business, register its Doing Business As Name ("DBA"), and obtain a Federal Employer Identification Number ("EIN").

### **III. CONTRIBUTIONS**

The Partners will make an initial contribution to the Partnership as follows:

- Kelsey Jene Martinsen: \$0.00
- Sarinee Nuamnui: \$0.00

Contributions will be submitted no later than \_\_\_\_\_. All capital contributions are final unless all partners give written consent of withdrawal. All contributions will be deposited into a joint capital account.

### **IV. INTEREST AND AUTHORITY**

The Partners' ownership interest in the Partnership will be as follows:

- Kelsey Jene Martinsen: 51%
- Sarinee Nuamnui: 49%

The Partners' authority will be defined by the following unless otherwise stated in the Agreement: All decisions for contract or otherwise will be made based on a majority vote of percent of ownership. Each Partner will have the authority based on their percent ownership outlined above in the Agreement.

## V. COSTS

The Partners will share costs according to the following percentages:

- Kelsey Jene Martinsen: 51%
- Sarinee Nuamnui: 49%

## VI. PROFITS

The Partners will share the net profits of the Partnership according to the following percentages:

- Kelsey Jene Martinsen: 51%
- Sarinee Nuamnui: 49%

The Profits will be accounted by \_\_\_\_\_ and distributed on the end of month of the month according to the above percentages after the costs of the Partnership have been paid according to the above cost percentages.

## VII. SALARY

All Partners must give their unanimous consent if a permanent salary is to be established and their unanimous consent for the amount of salary to be given to each Partner.

## VIII. ACCOUNTING

- All accounts related to the Partnership including contribution and distribution accounts will be audited upon a majority vote of the Partners.
- All Partners will maintain a joint contribution account. All Partners will maintain a joint distribution account. Partners will keep accurate and complete books of account for all accounts related to the Partnership. Any Partner, whether majority or minority, will be allowed to review all books of account at any time they request.
- Each Partner will be responsible for his or her own taxes on any distributions made.
- Accounting records will be kept on an accrual basis.
- The fiscal year will be complete on the last day of December of each year. All Partners will present their position on the state of the Partnership within two weeks of the completion of

each fiscal year.

- The following partners will be able to sign checks from any joint Partner account:
  - Kelsey Jene Martinsen
  - Sarinee Nuamnui

## IX. NEW PARTNERS

The Partnership will amend this agreement to include new partners upon the written and unanimous vote of all Partners.

The name of the Partnership may be amended if a new Partner is added to the Partnership upon the written and unanimous vote of all Partners.

## X. WITHDRAWAL OR DEATH

The Partners hereby reserve the right to withdraw from the Partnership at any time. Should a Partner withdraw from the Partnership because of choice or death, the remaining Partners will have the option to buy out the remaining shares of the Partnership. Should the Partners agree to buy out the shares, the shares will be bought in equal amounts by all Partners. The Partners agree to hire an outside firm to assess the value of the remaining shares. Only upon the partners' unanimous agreement will the outside firm's valuation of the shares be considered final. The Partners will have 365 days to decide if they want to buy the remaining shares together and disperse them equally. If all Partners do not agree to buy the shares, individual Partners will then have the right to buy the shares individually. If more than one Partner requests to buy the remaining shares, the shares will be split equally among those Partners wishing to purchase the shares. Should all Partners agree by unanimous vote, the Partnership may choose to allow a non-Partner to buy the shares thereby replacing the previous Partner.

If no individual Partner(s) finalize a purchase agreement by 365 days, the Partnership will be dissolved.

The name of the Partnership may be amended upon the written and unanimous vote of all Partners if a Partner is successfully bought out.

## XI. DISSOLUTION

Should the Partnership be dissolved by majority vote, the Partnership will be liquidated, and the debts will be paid. All remaining funds after debts have been paid will be distributed based on the percentage of ownership interest outlined in this Agreement.

## XII. AMENDMENTS

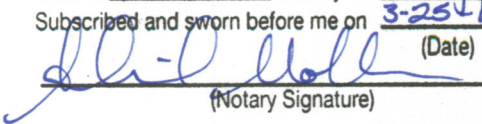
- Amendments may be made hereto upon the unanimous and written consent of all Partners.
- Amendments must be expressly written and have the original signatures of all Partners.
- All amendments, notices, requests, claims, demands and other communications between

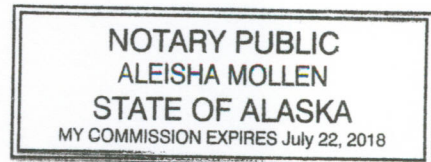
the parties shall be in writing. All such written communications shall be given (i) by delivery in person, (ii) by a nationally recognized next day courier service, (iii) by first class, registered or certified mail, postage prepaid, (iv) by facsimile or (v) by electronic mail to the addresses of the parties specified in this Agreement or such other addresses specified in writing. All notices shall be effective upon (i) receipt by the party to which the written communication is given, or (ii) on the 5th day following mailing, whichever occurs first.

**IN WITNESS WHEREOF, this Agreement has been executed and delivered in the manner prescribed by law as of the Effective Date first written above.**

Signature:  Date: 3/25/16  
Kelsey Jene Martinsen

Signature: Sarinee Nuamnui Date: 3/25/16  
Sarinee Nuamnui

State of Alaska County of Wrangell-Petersburg  
Subscribed and sworn before me on 3-25-16  
 (Date)  
(Notary Signature)



**BOARD ACTION**

**WRANGELL PUBLIC SCHOOL BOARD  
REGULAR MEETING (PAGE 1)  
SEPTEMBER 21, 2020**

**FOR DETAILS, CONTACT:**

DR. DEBBE LANCASTER

SUPERINTENDENT

DIRECT PHONE: 907-874-2347

- Approved the agenda as presented
- Directed Dr. Lancaster to forward the September 17 email from the EOC to the School Board Members and to submit the Covid-19 Risk Mitigation s plans to the EOC
- Directed Superintendent Lancaster to negotiate or incorporate adding the swim team to the collaborative bargaining agreement and fully fund the swim team
- Approved reconsidering the motion to negotiate or incorporate adding the swim team to the collaborative bargaining agreement and fully fund the swim team during the October 12 regular board meeting
- Approved the Regular School Board Meeting minutes of August 17, 2020 as presented
- Approved the Special School Board Meeting minutes of August 24, 2020 as presented
- Approved the Special School Board Meeting minutes of August 31, 2020 as presented
- Approved the Special School Board Meeting minutes of September 9, 2020 as presented
- Approved the disposal of the surplus wood lathe as presented
- Offered Jack Carney a contract addendum for teaching strength training during zero hour
- Offered Katelyn Church a contract addendum to serve as the District Test Coordinator
- Offered Winston Davies a contract addendum to serve as the Indian Education Grant Director
- Offered Christina Good an extracurricular contract for the position of High School Girls' Head Basketball Coach and Anna Allen an extracurricular contract for the position of High School Girls' Assistant Basketball Coach
- Approved the hire of Danika Doak-Smith, Sanitation Aide
- Approved the hire of Calleigh Miller, Elementary Library Paraprofessional
- Approved the hire of Rosemary Ruoff, Paraprofessional
- Reviewed the resignation letter from Hannah Miethe, Paraprofessional
- Approved supporting the AASB Resolutions
- Directed the administration to write a resolution to have AASB support regional insurance
- Approved the lease agreement with Trinity 3 Financial Services to lease Chromebooks for students in the annual amount of \$29,404.00
- Accepted the first reading of:
  - Board Policy 0410, Nondiscrimination
  - Board Policy 3310, Purchasing Procedure
  - Board Policy 3513.3, Tobacco Free Schools
  - Board Policy 4020, Drug, Tobacco and Alcohol-Free Workplace
  - Board Policy 4112.10, Employment of Retired Teachers
- Accepted the second reading of:
  - Board Policy 3270, School Properties Disposal Procedure
  - Board Policy 3290, Gifts, Grants and Bequests
  - Board Policy 3350, Authorized Signatories
  - Board Policy 3400, Management of District Assets/Accounts
  - Board Policy 3452, Student Activity Funds
- Accepted the resignation of Beth Heller, School Board Member
- Discussed a Travel Ban
- Adjourned



## CITY AND BOROUGH OF WRANGELL

INCORPORATED MAY 30, 2008

P.O. BOX 531 (907)-874-2381  
Wrangell, AK 99929 FAX (907)-874-3952

October 8, 2020

Representative Dan Ortiz  
State Capitol Room 513  
Juneau, AK 99801  
[Representative.Dan.Ortiz@akleg.gov](mailto:Representative.Dan.Ortiz@akleg.gov)

Dear Representative Ortiz:

This letter is written with grave concerns regarding the recently published winter schedule of the Alaska Marine Highway System. In November Wrangell will have one northbound sailing. In December Wrangell will have **no service**. In January Wrangell will have one southbound sailing. By comparison, Petersburg and Ketchikan, which are the destinations north and south of Wrangell respectively, have the following schedule:

	November 2020		December 2020		January 2021		
Wrangell	1 NB	0 SB	0 NB	0 SB	0 NB	1 SB	
Petersburg	3 NB	2 SB	2 NB	2 SB	0 NB	1 SB	
Ketchikan	3 NB	2 SB	2 NB	2 SB	0 NB	1 SB	

This means the Ferry is literally sailing right past Wrangell and not stopping four times in November and four times in December. Of all the communities in Southeast Alaska, Wrangell is one of only three without service in December, joined by Sitka and Yakutat. What we fail to understand is why Wrangell is being intentionally bypassed eight times when the vessel has to travel right past the community.

Wrangell is asking for your assistance to immediately rectify this situation. Continued loss of service is devastating to local businesses and residents trying to travel or ship goods. It is unconscionable Wrangell residents will have to stand on the shore and watch as the Ferry sails past. Please let us know if you have questions or require additional information. Your help is greatly appreciated.

Sincerely,

Stephen Prysunka, Mayor

To: Borough Manager, Lisa Von Bargen  
 CC: Borough Assembly, P&R Advisory Board  
 From: P&R Director Kate Thomas  
 Subject: P&R Department Report  
 Date: October 5<sup>th</sup>, 2020

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## FINANCIAL & FACILITY REPORT

COMPARISON	MONTH	2019	2020	%
ATTENDANCE	September	1012	520	51.4 %
REVENUES	September	\$4,099.96	\$3,366.53	89 %

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## DOWNTOWN BULB OUTS & NOLAN CENTER GROUNDS

P&R has assumed responsibility for maintaining the downtown bulb outs and Nolan Center grounds because of staffing reductions made this year. Under normal circumstances P&R would have hired seasonal Parks Maintenance staff in early April to begin preparing outdoor facilities for increased visitation. Due to COVID19 and budgetary concerns hiring was delayed by nearly two months. Given the delay, staff we not able to adequately manage the new assignments along with the regular heavy load of parks responsibilities.

Early on, discussion was had regarding the hiring of a third seasonal staff to work alongside the core team to address the expanded workload. Hiring a third member was also supported so the team could perform tree removal and brushing priorities for the electrical department. Labor performed for other departments was intended to be allocated to the expenditures of the department in which work was completed. A third staff member was not hired this year due to a limited labor pool.

P&R met with the Nolan Center Director to discuss approaches to the workload at their campus along with the downtown bulb outs in recent weeks. Both parties are reviewing the design plans and working to identify a basic outline for a routine maintenance plan. Unfortunately, despite the best efforts of managing staff both the Nolan Center grounds and the bulb outs are overgrown causing a combination of compromised aesthetics and line of site obstruction.

The status of both sites makes a quick fix nearly impossible. The downtown bulb out safety issues are the primary concern moving forward. A follow up report will be provided on the action taken to address any safety issues. As far as the long-term maintenance plans, a proposed plan will be reviewed with the City Manager in the coming months. P&R will continue to evaluate its ability to tackle the increased workload to the standard desired.

## P&R ADVISORY BOARD

Check out the Board recruitment newsletter here: <https://www.smores.com/yd5wp-parks-recreation-advisory-board>

P&R is actively recruiting new board members to the team. Currently, P&R has two members remaining

on the board: Haig Demerjian and Cindy Martin. To date, P&R has spoken to two interested candidates about the roles and responsibilities of the position. While the turnover is significant, with a need to fill three positions, the department is optimistic that it will find suitable and passionate candidates for the role.

#### PUP IN PARKS CONTEST

Recreation Coordinator, Lucy Robinson launched a photo contest for all the parks and dog lovers of Wrangell. The contest is open until October 15<sup>th</sup>. This effort is in support of the departments attempts to mitigate the amount of pet waste left unattended at park facilities. Each year the department spends hundreds of dollars on materials and labor helping to provide dog waste bags and receptacles, along with waste removal throughout municipal greenspace. The unfortunate reality is the community has yet to adopt this practice of self (pet) management in public spaces. To continue encouraging better stewardship in a positive way, the department is running its first “Pup in Parks” photo contest. Once all the submissions have been entered, a portion of the photos will be used to craft a 2021 Calendar to be sold around the holidays. Funds raised from the sales will go towards the Helping Our Parks project. This is one of many creative ideas to “problems” crafted by Lucy.

#### INDOOR ACTIVITIES & SPORTS

P&R has returned use of the lockers to the recreation facility and swimming pool. Showers are still restricted to deck use only. As time progresses the department will reevaluate the full use of showers. P&R is pleased with the phased approach to opening facilities as it has allowed time for staff and patrons to acclimate to new means of operating.

To return programming for youth in a COVID conscious manner, P&R is running a modified basketball program for the months of October and November. Small groups of ten kids will work with two volunteers on the fundamental skills of basketball. Spectators are not permitted until the final week of programming where strict adherence to the protocols will be required and enforced. The small cohorts of youth will have opportunities to scrimmage each week, while the bulk of time will be focused on individual skills. The department is pleased to see several volunteers step forward for this critical opportunity.

Pickleball, a popular adult racquet sport is returning to the gym for weekly sessions. This program was heavily influenced by Chris Johnson, who oversees the gym during the activity. Pickleball is a nationwide sport with a huge following. Its accessibility to folks of all playing abilities makes it especially fun and productive. This program will also follow the departments COVID mitigation plan and can more easily be played at a distance than most other sports. Thanks to folks like Chris Johnson for the service they offer to Wrangell.

#### COMMUNITY CENTER INTERIOR WINDOW REPAIRS

P&R is pleased to report the completion of the Community Center Window Repairs, performed by More Powers Construction. The interior and exterior windows of the facility have been severely damaged over time and were longing for repair. Building maintenance staff conferred with P&R last year about the style of repair that best meets the economic capacity and desired outcome of the department. Boards of painted plywood were cut to size and fitted to the window inset. The project certainly adds to the other

improvements made to the gym in years past such a refinishing the floor, replacing the ceiling tiles and painting the interior walls.

#### ALASKA RECREATION AND PARKS CONFERENCE

Wrangell P&R plays a critical role in the state's recreation and parks association. This year efforts have been made to help boost membership, promote the core values of the association, revise language of the bylaws and assist in organizing the virtual conference to be held on October 8<sup>th</sup> & 9<sup>th</sup>. The conference booklet can be viewed here: [Conference Booklet](#).

For other information about the core functions of the association please see the newsletter crafted by Kate Thomas: [Click Here](#)

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#### STRATEGIC GOALS FOR 2020-2021

P&R Director, Kate Thomas and Recreation Coordinator, Lucy Robinson came together in January and February of 2020 to develop the contents of an annual work plan that would help guide operations and keep strategic goals at the forefront of the minds of management. While this resource was developed under normal circumstances pre-COVID, the department still sees this resources a guiding document under current times. Below is a clip from the workplan that highlights the strategic goals of each subdepartment within P&R.

#### SWIMMING POOL PROGRAMMING

1. Enhance our existing aquatics schedule by facilitating new activities within current events.
2. Facilitate lifeguard and swim instructor certification courses on an annual basis.
3. Deploy staff onboarding plans with each new hire
4. Coordinate training sessions with outside agencies, specifically the Wrangell Fire Department.
5. Collaborate with WPSD to maintain aquatics programming into physical education programs.
6. Develop stroke development class for adult swimmers.
7. Offer seasonal swim lessons for youth.

#### RECREATION PROGRAMMING

1. Maintain program offerings that benefit citizens of Wrangell, both adult and youth, by connecting families, increasing physical fitness, reducing stress, and increasing self-esteem and confidence
2. Maintain programming for elementary and middle school students.
3. Maintain programming for adults with volunteer coordinators. (pickleball, mall walkers, softball nights, volleyball, wallyball, beach volleyball, ultimate frisbee, kickball)
4. Plan and implement family activities through the winter months. (gym sports)
5. Host a volunteer recognition potluck/event.

#### PARKS PROGRAMMING

1. Develop funding packages through grant opportunities to support Helping Our Parks.
2. Create inventory of park facilities to incorporate in preventative maintenance plan.
3. Upgrade park lighting to LED efficient fixtures/lamps.

4. Promote stewardship within parks through the “People in Parks” Campaign.

#### FACILITY MANAGEMENT & MAINTENANCE

1. Review, develop, and implement maintenance procedures and policies.
2. Review, develop, and implement operations procedures and policies.
3. Develop an Annual Preventative Maintenance Plan.
4. Develop a long-range capital improvement plan.
5. Update Operations & Equipment manuals.
6. Maintain standards to pass DEC pool sanitation inspection annually.
7. Maintain work order assignment and database entries.
8. Maintain monthly facility inspections and reporting for personnel review and assignments.

#### FINANCIAL GOALS

1. Promote reservations to increase revenue.
2. Increase recreation revenue through program participation.
3. Increase revenue through sponsorships, grants and donations.
4. Increase revenue through seasonal swim lessons as opposed to summer only sessions.
5. Increase wage rates for temporary staff.
6. Organize sponsorships to allow for proper expenditures.
7. Establish a 501C3 to expand funding opportunities.

# City and Borough of Wrangell

## Capital Facilities Department Report

### October 9, 2020

**Facilities Service & Maintenance** - Capital Facilities provides service and maintenance to City and Borough of Wrangell facilities.

- **General Department News**

- The department began interviews for the open position of Facilities Maintenance Specialist and as of the writing of this report is finalizing a decision. Until this position is filled, we have one maintenance staff dedicated to the Borough's facilities maintenance and repair needs.
- The department has been planning to move into the ML&P office; however, our efforts continue to be met with difficulty in finalizing our move based on our lack of staff to perform the heavy furniture moving tasks while also keeping up with the department's heavy work load. Considering the need to move furniture to accommodate the necessary move for the Alaska Court personnel during upcoming construction work at the Public Safety Building (see more on this under the CIP project section for that building below), it is our hope to request assistance from another department to accomplish both moves at once.
- Through the month of September, our one maintenance staff concentrated efforts on working with the 5-member engineering team performing the Public Safety Building inspection. There was a significant amount of work to prepare for their arrival, as well as dedication of time with them while on site for a full week. We continue to make repairs to those areas where destructive work was required to accommodate the site investigations. Beyond this work, much attention has been provided to heating and ventilation concerns between the Public Safety Building and the Nolan Center.

- **Custodial Services.** The Capital Facilities Department provides custodial service to the City Hall and Public Safety Building.
- **COVID-19 Related Project - Touchless Plumbing Fixtures.** With materials scheduled to arrive Wrangell next week, Ketchikan Mechanical will begin construction on this project the week of October 11<sup>th</sup>. The work is being scheduled with all facility managers to minimize impacts to employees, students, and patrons.

## Capital Improvement Projects - Capital Facilities provides management of capital improvement projects and major maintenance to City and Borough of Wrangell facilities and infrastructure.

### GENERAL FUND PROJECTS

- **Public Safety Building Condition Assessment.** AMC Engineering, with their multi-discipline team of engineers, performed their site investigations at the Public Safety Building and the Wrangell Medical Center (environmental assessment only at WMC) during the week of September 13<sup>th</sup>. We anticipate their final report to be complete by the end of October.

In the meantime, while the structural engineer was on site, they identified two areas of significant deterioration in structural framing of the building.

The first is related to the framed section that encloses the concealed gutter at the north eave. As Jensen Yorba Lott earlier identified, this “eyebrow” section is pulling away from the building. PND Engineers suggests it is likely from the shear load from snow and ice damming at the gutter. The engineer suggested that strapping the outside face back to the main building should help maintain its structural integrity until a replacement can be made. We had the strap fabricated locally and currently have 75% of these now installed, which requires dry roof conditions to seal.

The second and more significant issue is that of the deteriorated structural framing along a portion of the building’s west wall. PND Engineers recommended that a shoring wall be constructed, before snow fall, from the ground to the underside of the roof. The section of wall of concern is 36’ wide, which is the length of the parapet-style wall on the backside of the building. Not only has the exterior wall seen further deterioration since Jensen Yorba Lott identified the water intrusion issues in 2016, but PND has found that the ends of the floor joists, which are bearing on the structural wall members are deteriorating at their bearing point ends. This means that the floor framing is at risk of failure. The on-going planning work to address this critical project includes:

- The Alaska Court System, facilities division, is working on a relocation of their Wrangell personnel and public interaction. The relocation will be maintained within the Court’s existing space and will require phone and data work by their IT personnel to accommodate the relocation and continued operation.
- PND Engineers, with the assistance of Northwind Architects, has completed the shoring wall engineering design and has submitted it for Fire Marshal review. Understanding the urgent need for the shoring wall, the Fire Marshal plan reviewer has agreed to expedite the review.
- The CBW has begun procurement of the materials necessary to construct the wall since wood framing materials of the size and type (pressure treated) are in low supply and difficult to acquire in short order due to both Covid-related manufacturing and supply issues and the devastation of future wood reserves from the ongoing western states’ wild fires.
- A competitive solicitation is being developed for the construction work and will issued following the Fire Marshal’s review.
- A budget amendment, as it is identified, will be required to accommodate this work.

- **Civic Center Floor Replacement.** With the passing of Resolution No. 10-20-1545, amending the FY21 capital budget, \$41,000 was received for this project. A final selection of the flooring material to be used is necessary to move this project forward. Staff are reviewing a variety of options to determine the best option for durability, longevity, and ease of maintenance.
- **Swimming Pool Domestic Hot Water Tank Replacement.** A construction contract was issued to Schmolck Mechanical Contractors, and this project is underway. Once all the parts have arrived in Wrangell, the Contractor will work with the CBW to identify the maximum seven-day shutdown required to complete the work. With the domestic hot water shut down, the swimming pool will require closure to comply with State regulation, which requires that hot and cold running water be provided to all hand sinks and showers.
- **Swimming Pool Lighting Upgrades.** With the passing of Resolution No. 10-20-1545, amending the FY21 capital budget, funding in the amount of \$41,000 was received for this project. Electrical engineering design assistance is being sought to begin this project.
- **Kyle Angerman Memorial Playground Replacement.** With the passing of Resolution No. 10-20-1545, amending the FY21 capital budget, the Kyle Angerman Memorial Playground Improvement project received the remaining \$25,000 match funds for the grant amendment, along with the reallocation of the FY20 previously committed \$31,000 local match funds. Once the Land Water Conservation Fund (LWCF) grant agreement, with amendment, is received and executed, design for the project will proceed.
- **Skeet Range Improvements.** The CBW is a recipient of a \$55,000 grant from the National Rifle Association (NRA) for improvements to the Skeet Range. The grant was awarded to fund only a portion of the full project proposed. While CBW staff agreed that a phased approach would work, the \$55,000 grant amount does not fully cover the anticipated costs for the site work tasks. Staff are working to address the unmet costs for the Phase I Site Work, as proposed by the NRA, before moving forward with a competitive construction solicitation.

#### NORTH COUNTRY TRAILHEAD ACCESS ROAD REPAIR FUND

- **North Country Trailhead Access Road Repair.** Staff met with the Federal Lands staff to confirm that a Categorical Exclusion was approved for this project, which removes the requirement to have a full NEPA process performed. The USFS Wrangell Ranger District provided a certain level of in-kind match for this project, through their Biological Evaluation Wildlife Project Level Analysis and a Cultural Resource Analysis. Design for the project will utilize USFS road repair and maintenance standards, in lieu of retaining and engineering firm to develop the specifications. Staff anticipate the competitive construction bidding documents to be complete by the end of 2020, to allow for construction in the spring 2021.

#### COMMERCIAL PASSENGER VESSEL EXCISE TAX FUND

- **Mt. Dewey Trail extension FLAP Grant Match.** Staff met with the Federal Lands staff to confirm that a Categorical Exclusion was approved for this project, which removes the requirement to have a full NEPA process performed. The USFS Wrangell Ranger District provided a nearly \$17,000 value of staff in-kind match for this project, through their Biological Evaluation Wildlife Project

Level Analysis and a Cultural Resource Analysis. An RFQ for engineering design is underway and expected to be released before the end of the year.

## ELECTRIC FUND

- **Environmental Assessment for Utilities Campus Master Plan.** With the passing of Resolution No. 10-20-1545, amending the FY21 capital budget, \$102,000 was approved to perform a site assessment of the land parcels on which the Municipal Light and Power and the Public Works departments occupy. We are working to identify the risk assessment work necessary for the environmental engineering assistance. While ADEC is not mandating this environmental site assessment, the work should be performed to meet standards accepted by ADEC for Phase I Site Assessment and Phase II Physical Sampling work, in the event environmental concerns are discovered.

## WATER FUND

- **Upper Reservoir Bypass.** A Professional Services Agreement was executed with Shannon & Wilson for the engineering design project and was immediately followed by a kick-off meeting with all project partners.

The Geologist visited the site to perform an analysis of the dam rock structure, to understand the feasibility of trenching deeper in the spillway for the purpose of adding a necessary drawdown intake pipe. The land survey and bathometric survey of the interior side of the reservoir at the spillway and siphon intake location was finalized in September and the final package survey package was sent to CRW Engineers, who is providing civil design services, as a subconsultant to Shannon & Wilson. The survey data was also shared with Solstice Environmental.

The survey data will be used to begin laying out the project and reviewing potential wetland impacts. A draft wetland permit application is expected for reviewing by the Borough prior to submitting to the US Army Corps of Engineers by mid-October. The engineering design of this project is scheduled to be complete by the end of February 2021.

- **Water Mains Replacement.** A Professional Services Agreement was executed with R&M Engineering-Ketchikan, Inc. and survey work has begun.
- **Water Treatment Plant Improvements.** The Request for Qualifications (RFQ), which serves as the competitive solicitation for engineering design services, was released on August 27<sup>th</sup>. A mandatory, onsite, pre-proposal meeting was held on September 16<sup>th</sup>. EDA confirmed that they would require us to readvertise the RFQ for engineering design services again if at least three proposals were not received. With only two consultants attending the mandatory meeting, it was decided that by extending the solicitation now, as opposed to having the two engineering firms submit a proposal only to have EDA reject the responses, the project would benefit with encouragement for additional participation. The deadline to receive Statements of Qualifications from engineering consultants has been extended until October 30, 2020.
- **Repair Water Transmission Line and Install Isolation Valve.** With the passing of Resolution No. 10-20-1545, amending the FY21 capital budget, \$35,000 was approved to make the repairs to this water line. R&M Engineering has been contacted to consult with the CBW on this repair project.

- **Ash Street Water Main Replacement Engineering Design.** With the passing of Resolution No. 10-20-1545, amending the FY21 capital budget, \$95,000 was approved for the engineering design phase of this water line replacement project. An RFQ for engineering design services will be drafted to begin this project.
- **Upper Dam Stabilization and Repair.** With the passing of Resolution No. 10-20-1545, amending the FY21 capital budget, a Dam Stability Alternatives Analysis project was approved. Having this feasibility study is the first step to advancing the project for our critical drinking water dam infrastructure to a “shovel-ready” status.

A PSA will be developed with Shannon & Wilson engineers to address a stabilization alternatives analysis for the stabilization and repairs of the upper dam, to a status that is greater than minimum requirements according to Corps of Engineer (COE) dam guidelines.

## HARBOR FUND

- **Shoemaker Bay Harbor Replacement.** There are two remaining tasks to be completed by the Contactor before final acceptance of the project. These are the new pile caps at the board float and new storm drain grates in the parking lot. With the project end near, we are beginning the final closeout with the Contractor.
- **Harbor Security System.** The CBW is the recipient of a \$135,000 grant from Homeland Security toward the Ports and Harbors Security and Surveillance System. This grant amount does not fully cover the anticipated costs for installing the system for the Priority #1 site, identified by the Harbor Director as the Marine Service Center. To fully fund this site, another approximately \$50,000 is needed. Optionally, the anticipated costs for either the Priority #2 site, Inner Harbor, or the Priority #3 site, Heritage Harbor, but not both, could be fully funded by the grant. Staff are working to address the unmet costs for the Priority #1 site, Marine Service Center, before committing to the project site for which this grant will fund and moving forward with the project.

## SEWER FUND

- **Node 8 Sewer Pump Station Replacement.** With the passing of Resolution No. 10-20-1545, amending the FY21 capital budget, \$150,000 was approved to pursue the replacement of the sewer pump station components, as well as the control panel.

## SANITATION FUND

- **Solid Waste Transfer Station Baler.** With the passing of the FY21 operating budget, \$90,000 was approved from the Sales Tax Fund: Schools, Health and Sanitation. The CBW plans to apply to the Denali Commission for financial assistance for this project, and the \$90,000 is the match amount anticipated based on the previous Public Works Director’s baler transition plan and associated cost estimate. This project will require further assessment by the future-seated Public Works Director as the capital costs required are subject to the plan to transition the solid waste management and operations of the department.

## SECURE RURAL SCHOOLS FUND

- **High School Elevator Replacement.** With the passing of Resolution No. 10-20-1545, amending the FY21 capital budget, \$210,000 was approved to move this project forward and return the elevator to service. School staff continue to work with two elevator companies to determine the best option for either a repair or a replacement.
- **Sidewalk Repairs at the High School Parking Lot.** This project received reallocation of funding through the Secure Rural School Fund under the FY21 operating budget.

At the High School parking lot along Reid Street, the inside perimeter sidewalk and curb has been exhibiting serious problems for many years. The sidewalk was built at the edge of the steep slope, which is the embankment for the parking lot. The sidewalk has pulled away from the curb, more than 6" on one end, and is now sloping downhill and sideways.

The sidewalk corridor which acts as a major pedestrian thoroughfare from Reid Street to Church Street, which is also associated with access to/from the High School and its parking lot, the Swimming Pool and the Community Center, is also in need of repair, as the concrete in this area has deteriorated to the point where the concrete aggregate is exposed and the depressions hold water, which creates slip hazards. Certain concrete panels and possibly the upper-most stairwell would be a first phase sidewalk replacement through this corridor.

## ENVIRONMENTAL REMEDIATION PROJECTS

- **Contaminated Sites.** With the passing of Resolution No. 10-20-1545, amending the FY21 capital budget, the three environmental site assessment projects, were approved. DEC is finalizing review of the work plan proposed for the Former Wilcox Automotive site. Once finalized, we will review any comments with Shannon & Wilson and begin planning for and scheduling the in-field assessment work. Depending on Shannon & Wilson's previously committed workload, coupled with the coming of winter in SEAK, this work may be scheduled for Spring 2021. The three projects are:
  1. Former Wilcox Automotive, Hazard ID 26212
  2. Wrangell City Shop UST #3, Hazard ID # 26199
  3. Wrangell Medical Center, UST #2 Hazard ID 26676

October 13, 2020

To: Mayor Prysunka & Assembly Members  
From: Lisa Von Bargen, Borough Manager  
Re: Airport Back-up Generator Report

---

The DOT-managed runway lights at the Wrangell Airport have no back-up power in the event of a power outage. The Back-Up Generator at the Airport (or lack thereof) has been an issue for many years. It has been a State Legislative Priority the past three years. We actually removed it from the list last year because we were told by an ADOT representative in Anchorage that a temporary lighting system could be relocated to Wrangell. We then found out that is not accurate. That was late February of this year. Then COVID hit.

This need has a new sense of urgency given a real world scenario that occurred about four weeks ago. We were in the midst of our Annual Diesel Run. For anyone reading this who may not know, that means hydro power over the transmission line is not available as Southeast Alaska Power Agency (SEAPA) has taken things offline for maintenance. During the Annual Diesel Run Wrangell Municipal Light and Power is providing 100% of Wrangell's power needs with our diesel generators. Late in the afternoon on September 10th, we had a failure in one of our generators that required the entire system be shut down. Wrangell was entirely without power for just over an hour. Had the failure been worse, the outage could have been much longer. We had two medievac flights that afternoon. As luck would have it they arrived shortly before the outage. Had the timing of the flights or the power outage been a little different in either direction it is possible the medievac flights would not have been able to land. As all of us understand that is not an acceptable situation for the community.

One of these medievac flights was for a COVID positive patient being transported to Sitka. The SEARHC Wrangell Medical Center protocol is that any COVID positive patient requiring hospitalization is transferred to Mt Edgecombe to avoid our local healthcare capacity from becoming overwhelmed. Moving into the darkest time of the year, the inability to get a medievac into or out of Wrangell because of no runway lights, needs to be addressed, even more so now with COVID-19 as an additional need for emergency transport off the island.

The Borough had an electrician conduct an inspection of the needs for powering the runway lights. We can get by with a 40KW-50KW generator as the lights require 35KW to run at full brilliance. The cost to install the appropriate switch gear for a generator is about \$5,000. The Assembly just approved the purchase of a 50KW CAT generator (for a pump station) at a little over \$25,000. The Finance Director has confirmed that the purchase of the back-up generator for the airport and the installation of the appropriate connections and switch gear is an allowable expense under the CARES Act, specifically because it relates to the transportation of COVID positive patients off the island to a higher level of care. Chief Buiness is currently working to obtain quotes from Electrical Engineers to design the system so it can submitted to ADOT for review.

On September 25<sup>th</sup> the Borough reached out to the ADOT Southcoast Region Manager (Lance Mearig) formally requesting permission to work with a contractor to have the appropriate connection and switch gear installed so a generator can be hooked up in the event of an emergency. Mr. Mearig responded on the 28<sup>th</sup> expressing that ADOT is “eager to help” facilitate the Borough coming up with a solution. He outlined the following items in an email as necessary to move through the process:

- Can the borough provide a schematic of the electrical components for review by DOT&PF's electrical engineer? I don't believe we need full engineered drawings at this point, but those may be needed in the future. It would help to have a site plan showing where the borough would park the portable unit when needed, and where on the light control building the connection would be located.
- We'll need to clear this with the leasing unit at our Statewide Aviation section. I don't expect any difficulties here, but we don't always know what arrangements exist with other lease holders that may cause conflicts.
- We'll also need to clear this with the security officer at Statewide Aviation to make certain we comply with airport access requirements by whomever is bringing the generator onto the airport when needed.
- I forgot to mention this on the phone, but we've learned it is always a good idea to inform or get clearance from FAA and TSA for activities on the airport.

As indicated above, we are working on the design/schematic. In the near future staff will be coming to the Assembly for approval of the purchase of the generator (and a trailer) and all the connection work – funded with CARES Act funds. What Mr. Mearig did not outline in the email is that this process is far easier if the generator is mobile and just hooked in when there is an emergency. If we want to install it on ADOT property there are many more hoops.

The good news is, it looks like we have solved this years-long concern and should have everything ready to go before the end of the calendar year.

**To: Mayor Prysunka & Assembly Members**  
**From: Greg Meissner, Harbormaster**  
**Re: Harbor Collection Activities: Steve Johnson Vessels**

Attached is the bullet point summary I provided to the city attorney as he proceeded with the injunction against Mr. Johnson. For the most part it gives a pretty good summary of events that lead up to the injunction.

Mr. Johnson arrived in Wrangell with the 86' foot *Cirus* and the 42' *Bonnie Jean* in the spring of 2017. Payments started off ok until the fall when they stopped. Mr. Johnson made no attempt to make payments until Harbormaster Meissner made contact in the spring when the *Lady Gudney* arrived and we heard it was also Mr. Johnson's. Following that conversation and the persistence of Harbor Administrative Assistant Bobbie Robbins, Peter Pan Seafoods made the payment to Mr. Johnsons account on June 6<sup>th</sup>, 2018.

Mr. Johnson left for the fishing season in early June and returned in late fall November I believe. After he failed to contact the Harbor regarding his bill or to make a payment Harbormaster Meissner made contact in late November to ask about payment. At that time Mr. Johnson stated he had a bad year and spent most of his time on anchor not working and he did not know what to do about bill. Harbormaster Meissner mentioned the idea of him talking to Peter Pan Seafoods again to see if they could help him out. At that time the Harbormaster also told him that the only option the department had was to post the intent to impound notices on the vessels that created the bill and to move forward with that process if payment was not made. The Harbormaster also stated that was the last thing the department wanted to do as we do not like to take possession of vessels.

After no attempt to make contact with Harbor or to make payment, the Harbor department posted the intent to impound paperwork on December 18<sup>th</sup>, 2018. Mr. Johnson requested a pre impoundment hearing and attempts to set a date that worked for both parties failed into late spring. Mr. Johnson left once again in June for the summer fishing season.

August 6<sup>th</sup>, 2019 the *Lady Gudney* returned and the Harbor department posted the impound paperwork. We then realized there were crew residing on the vessel and we could not have them removed so we pulled the impound paperwork as we did not want to have folks on board while it was in our legal custody. On September 24<sup>th</sup> harbor staff realized that the crew had moved off the vessel so we reposted the intent to impound paperwork on the *Lady Gudney*. On the morning of October 4<sup>th</sup> harbor staff noted the *Lady Gudney* had left the harbor sometime the evening before.

It was decided by city attorney that an injunction was the best route to prevent Mr. Johnson from using city facilities until past due bill was paid. On November 15<sup>th</sup>, 2019 the requested

information was sent to the city attorney to start that process. Prior to deciding on the injunction, the Harbormaster and Borough Manager had a meeting with a Maritime Attorney, recommended by the Borough's attorney. That initial meeting was to decide if the CBW should pursue the option of a Marshal sale with the US Marshals to recoup the money owed to the Borough through the forced sale of the *Lady Gudney*. It quickly became apparent the legal fees and expenses associated with that option would quickly overshadow the actual amount owed to the Harbor.

When the injunction paperwork was completed it was given to local process server for delivery to Mr. Johnson. Soon after, the process server stated he was having difficulty making contact with Mr. Johnson.

December 23<sup>rd</sup>, 2019 the Harbor department was notified by the Petersburg Harbor department that the *Lady Gudney* was headed our way. At that point the harbor staff was watching for the *Lady Gudney* to arrive as we were going to deny moorage following the injunction. Later that night when it was dark Harbor employee J.C. Gillen noticed a vessel coming around Vank Island with large sodium lights on which turned off shortly after. Harbormaster Meissner stated that it was probably Mr. Johnson as he seemed to always show up in the dark. J.C. waited in Heritage Harbor parking lot for the vessel to show up and it did not show up when we thought it should have. A little while later the lights came back on out in front of City Park and the vessel entered the Harbor. At that time Harbormaster Meissner and J.C. waited on the transient float to meet the *Lady Gudney* and Harbormaster Meissner informed Mr. Johnson that he was being denied moorage until his bill was paid. At that time the vessel left the Harbor and anchored up in front of Harbor. Shortly after the vessel was moved out in front of Shoemaker Loop Road and anchored where it stayed.

On March 2<sup>nd</sup>, 2020 the Harbor department was contacted by Marine Lenders Services LLC and were told they were working with the U.S. Marshals and would be seizing the *Lady Gudney*. On March 6<sup>th</sup>, 2020 the vessel was seized and relocated to Heritage Harbor transient float where it currently sits today. Following COVID-19 the process to take vessel to Seattle has stalled but Marine Lenders Services recently stated that is still the plan in the near future. The bill for moorage is currently being paid by Marine Lenders Services, LLC.

March 13<sup>th</sup>, 2020 the process server provided an affidavit in court that he was unable to make delivery to Mr. Johnson.

The *Bonnie Jean* was scheduled to be offered for sale at auction on July 10<sup>th</sup>, 2020. Mr. Johnson filed for a temporary injunction on July 8<sup>th</sup>, 2020 to prevent the city from selling the *Bonnie Jean*. On July 9<sup>th</sup>, 2020 a hearing was held and Mr. Johnson's request was denied. The *Bonnie Jean* was not purchased and the Borough was given permission to dispose of in any way we desired.

Mr. Johnson's attorney wrote in his response to the Borough's injunction that "Mr. Stevens does not owe money to the City of Wrangell. Evidence will show that Mr. Stevens paid his fees, but the city of Wrangell either lost, had its employees embezzle or converted his money while still harassing him about payment or charged him an arbitrary fee rate."

That was interesting since his client is Mr. Johnson not Mr. Stevens.

The CBW has filed a complaint with the Court asking Mr. Johnson to provide proof of all the payments he has made, for which he alleges wrongdoing by the Harbor Staff. Further, the Court has been asked for injunctive relief that Mr. Johnson be barred from using the Wrangell Harbor until his outstanding bills have been paid. There is a court date scheduled for September 2021. Staff will continue to provide updates on the matter.

## Lady Gudney Vessel Report

Item e.

1. May 2017 Mr. Johnson arrives with vessels Cyrus and Bonnie Jean.
2. Payments were made through November 2017 and then ceased.
3. April 1, 2018 the Lady Gudney arrived in Wrangell.
4. Soon after Harbormaster talked to Mr. Johnson about getting bill caught up.
5. May 25, 2018 Harbormaster told Mr. Johnson he had to have bill paid up prior to leaving for the fishing season. Mr. Johnson stated he would have bill payed up by the end of June.
6. June 1, 2018 the Lady Gudney leaves for summer season.
7. June 6, 2018 Peter Pan Seafoods pays Mr. Johnson's bill in full.
8. June 16, 2018 Bonnie Jean hauled out of water per Harbormaster because not suited to sit in water with owner gone.
9. Fall 2018 Harbormaster makes contact with Mr. Johnson about no payment since June 6, 2018 Peter Pan Seafoods payment. Mr. Johnson stated he had a bad year and didn't know what to do. Harbormaster stated some payment had to happen and maybe he could talk to Peter Pan Seafoods again?
10. No payments or contact with Harbor Department.
11. December 18, 2018 City processed Intent to Impound paperwork for Cyrus, Bonnie Jean and Lady Gudney. Mr. Johnson requested Pre-Impoundment hearing. City tried to work out a date with Mr. Johnson but did not happen and again in spring 2019 Lady Gudney left for summer season.
12. August 2019 posted impound paperwork on vessel. City realized there was crew on the vessel and city attorney said we could not kick them off so we decided we did not want to impound with people on board.
13. September 24, 2019 again posted impoundment paperwork on vessels.
14. Morning of October 4, 2019 Lady Gudney was gone from Harbor.
15. November 15, 2019 information sent to City Attorney to start injunction process. The paperwork was given to the local process server for delivery.
16. Process server stated he was having trouble making contact with Mr. Johnson.
17. Evening of December 23, 2019 Harbormaster and Assistant J.C. Gillen met Mr. Johnson at Heritage transient float and denied him moorage. Vessel left harbor and anchored up.
18. March 2, 2020 received call from Buck Fowler of Marine Lenders Services LLC who represents the lender of the vessel and he indicated he is working with the U.S. Marshals and would be coming to town to seize the vessel and was asking for our assistance.
19. March 6, 2020 the Harbor Department and Harbormaster assisted Marine Lenders Services and U.S. Marshals in retrieving Lady Gunday from on anchor. Vessel moved and moored to Heritage transient dock. The intent is for the Vessel to be relocated to Seattle and processed for sale.
20. March 13, 2020 process server provided an affidavit in court that he was unable to make delivery to Mr. Johnson and he stated "it is my sincere belief that Johnson is avoiding service by any means possible".

21. March 17, 2020 the city received a letter from Mr. Johnson as a “ Notice to Creditors” stating vessel was under U.S. Marshal control and those with a claim must make it known. The city attorney has a copy of this letter.
22. May 18, 2020 is the last day Mr. Johnson has to reply to the summons and complaint.
23. With the exception of the request for a pre-impoundment hearing in December 2018 and the Notice to Creditors letter in March 2020 Mr. Johnson has not made any contact with the Harbor Department in regards to this issue.
24. The Marine Lenders Services have contracted a local vessel security business to keep an eye on the vessel while at the dock.

**To: Mayor Prysunka & Assembly Members**  
**From: Greg Meissner, Harbormaster**  
**Re: Marine Service Center DEC Notice of Violation**

The Marine Service Center has what is referred to as a SWPPP or Storm Water Pollution Prevention Plan. The SWPPP describes this facility and its operations, identifies potential sources of storm water pollution at the facility, recommends appropriate best management practices (BMPs) or pollution control measures to reduce the discharge of pollutants in storm water runoff, and provides for periodic review of this SWPPP.

To have a vessel hauled out to be worked on, to go into storage, be a vendor or lease holder in the Marine Service Center one must receive and sign for a copy of the yards BMPs. This is to ensure you know what is expected of you in regards of keeping your debris contained and off the ground and out of the storm water as well as off the vessel next to you.

The yard operators as well as the harbor night staff who does the inventory in the boat yard know the BMPs and what the customers are supposed to be doing while working on vessels in order to keep the mess contained. The Harbor department works hard daily to ensure those rules are being followed and the environment is being protected. This is not an easy goal but we work at it every day to force compliance. We have done everything from friendly reminders and education to shutting down projects until the owner or contractor comes compliant with the rules. These practices range from keeping oil containers covered, drop tarps on vessels when sanding or spray painting to simply sweeping up the debris.

Another part of the SWPPP was documentation and reporting. This is where sadly I fell short and failed in this regard. The DEC came and did an inspection on March 10<sup>th</sup>, 2020 and it was discovered at that time that the documentation was not done. We were cited with violations.

A couple of the violations are simply signing of two forms. They were originally signed but when I updated a site map and area identifying pages for that map it shifted all subsequent pages and the page numbers so two signature pages did not get resigned and that resulted in two violations.

There were three different inspection forms that did not get done and one of those leads to the annual report as well. Although we are always talking onsite and trying to do things better if they are not documented as training, they do not count. This is something we all know so there is no excuse for it. The last thing was the lack of a spill kit, specifically near one of the vendor's fuel tanks. Wasn't even our tank and it has since been removed but we still were held responsible. We do have spill response materials available onsite but we did purchase a preassembled spill kit.

Following the Notice of Violation, we were to submit all the delinquent forms and purchase the spill kit. Steve Miller and I completed all the forms and ordered the spill kit. We also purchased additional stormwater inlet filters and had conversations with all of the onsite lease holders letting them know our expectations of them have gone up and shared with them any DEC comments that were pertinent to them.

At the same time of this it was also time for a new SWPPP to be compliant. We hired Midnight Sun Environmental LLC out of Anchorage to develop our new SWPPP and it has been submitted to the DEC and is being followed at this time.

There is no one more disappointed with me than me for this entire situation. With all that is going on it simply got lost on the back burner. It should have never happened and I take full responsibility for it. After working so hard for so many years with dedicated city staff, the last thing I wanted to do is give the yard a black eye.

Steve Miller and I have gone over the new SWPPP and he has initiated reminders and alarms to remind him of the dates for the reports and submittals to ensure that this never happens again. There will be a penalty for the violations but that official settlement offer has not been offered to the city yet. We have been in constant contact with the DEC in this process and are filling out financial paperwork now to help determine that outcome.

The point I want to make crystal clear is that the Marine Service Center is not a dirty, environment polluting facility. From the customer to the vendors to the onsite lease holders, city staff is dedicated to ensuring daily that the rules are being followed to keep the facility clean and pollutants where they belong. The violation notices were issued because we didn't complete the appropriate annual reports. It had nothing to do with the way the facility is managed. As explained above, Steve has put measures into place to make sure a report is not overlooked again.

The Marine Service Center is looked upon as one of the nicest boat yards in Alaska and it is our goal as we move forward that we all strive to ensure that it remains just that.

# CITY & BOROUGH OF WRANGELL, ALASKA

## CLERK'S REPORT

### SUBMITTED BY:

Kim Lane, Borough Clerk

### Upcoming Meeting/Informational dates:

**10-19 thru 11-2 Absentee Voting for the November 3 General Election**

**10-27 Regular Assembly Meeting scheduled for 6pm**

**11-11 Veterans Day – City Offices Closed**

### Regular Borough Election of October 6, 2020

I would like to extend a big  to the **Election Workers** for their time and dedication. and to the following City Departments:

*The Employees of Public Works*

*The Nolan Civic Center Staff*

The preparations for the Election went very well. As of September 1st, Wrangell had **1,981** registered voters. That voter count was up 40 from last year!

The total number of ballots cast for the October 6<sup>th</sup> Regular Election was **485**. The voter turnout this year was **24%**.

Last year's election had a 21% voter turnout (406 voted).

### ***Annual Ethics, Open Meetings Act (OMA), and Parliamentary Procedure Training***

In working with the Borough Attorney, we are looking at possibly Thursday, November 12<sup>th</sup> at 3pm

The Borough Attorney will provide the Ethics and OMA Training and I will do the Parliamentary Training.

Please remember to request to be called upon by the Mayor before jumping to speak. This allows for an effective and efficient meeting.

Item a.

**Members may raise a hand to obtain the floor before making motions or speaking in debate, which they can do while seated.**



## CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	October 13, 2020
	<u>Agenda Section</u>	<b>10</b>

Annual Vice-Mayor Appointment

SUBMITTED BY:

Kim Lane, Borough Clerk

FISCAL NOTE:

**Expenditure Required:** \$XXX Total

FY 20: \$	FY 21: \$	FY22: \$
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**Amount Budgeted:**

	FY20 \$XXX
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**Account Number(s):**

	XXXXX XXX XXXX
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**Account Name(s):**

	Enter Text Here
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**Unencumbered Balance(s) (prior to expenditure):**

	\$XXX
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Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. None.

**RECOMMENDATION Motion:**

*Motion: Move to appoint \_\_\_\_\_ for Vice-Mayor until October 2021.*

- Assembly Member Gilbert has expressed interest in filling this roll.

## CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	October 13, 2020
	<u>Agenda Section</u>	<b>10</b>

Annual Board and Committee Appointments

SUBMITTED BY:

Kim Lane, Borough Clerk

FISCAL NOTE:

**Expenditure Required:** \$XXX Total

FY 20: \$	FY 21: \$	FY22: \$
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**Amount Budgeted:**

	FY20 \$XXX
--	------------

**Account Number(s):**

	XXXXX XXX XXXX
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**Account Name(s):**

	Enter Text Here
--	-----------------

**Unencumbered Balance(s) (prior to expenditure):**

	\$XXX
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Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. Letters of Interest

### RECOMMENDATION

**Appointments are to be made by the Mayor, with the consent of the Assembly for the following:**

Board/Committee	Letter of Interest Received from:
Planning & Zoning Commission (1 avail.)	Don McConachie Sr.
Parks & Recreation Advisory Board (2 avail.)	Cindy Martin
Wrangell Convention & Visitors Bureau (2 avail.)	Chris Buness
	Corree Delabrue
Economic Development Committee (2 avail.)	Joan Sargent
Investment Committee (1 avail. – Community Member)	Jim DeBord

**Procedure - Mayor:** If there are no objections to the above appointments to the City Boards and Committees, I will declare them appointed for terms ending October 2023.

If there are seats that are left vacant (no letters received), the Borough Clerk will advertise for the vacancies.

Appointments to be filled by the Mayor with the consent of the assembly for the various seats.

***Recommended Action if not approved with the consent of the Assembly:***

*Motion: Move to appoint \_\_\_\_\_ to fill the vacancy on the \_\_\_\_\_ for the term up until October \_\_\_\_\_.*

September 18, 2020

Mayor and Assembly Members:

would like to reapply for my currently held position on the Planning and Zoning Commission.



Don McConachie Sr

Box 361

Wrangell Alaska

99929

Cindy Martin

Item b.

**Kim Lane**

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**From:** Cindy Martin <cindymartin@gci.net>  
**Sent:** Monday, September 14, 2020 5:54 PM  
**Subject:** Park @ Rec Board

Hello Kim,

My 3-year term will be up in October.  
I would like to continue.

Thanks,

Cindy Martin

To the Wrangell Assembly and Clerk,

This letter is intended to express my interest in continuing as a member of the Wrangell Convention and Visitors Bureau.

As a small business owner in the tourism industry, I feel invested in the work that the WCVB has been doing. I enjoy contributing and sharing my own personal and professional knowledge with the Bureau, as well.

Given the difficult times we are facing in terms of "bringing back" tourism to our little town, I think it is extra important to continue to contribute by spending time and energy with this small group of dedicated folks. I feel that I am now more familiar with the various aspects of the role and hope that I may continue my service.

Thank you.

Sincerely,

Chris Buiness

Owner - Dockside Wrangell

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Dockside Wrangell

Wrangell, AK

[www.docksidewrangell.com](http://www.docksidewrangell.com)

Corree Delabrue – WCVB

Kim,

I am submitting this letter of interest to retain my expiring appointment to the Wrangell CVB.

Thanks,

Corree Delabrue

Joan Sargent  
P. O. Box 892  
12.7 Mile Zimovia Highway  
Wrangell, Alaska 99929

October 1, 2020

City & Borough of Wrangell Assembly Members  
P. O. Box 531  
Wrangell, Alaska 99929

Dear Borough Assembly Members,

This letter is to express my interest in serving another term on the Economic Development Committee. Since my appointment late last spring, I have been an active member of the committee specifically working to help develop the Wrangell CARES COVID-19 relief programs. It has been a dynamic, positive experience. I seek this position because I look forward to continued efforts to help the citizens of Wrangell impacted by COVID-19 and to new projects that may be developed once we move past this crisis.

Thank you so much for considering me for this position.

Joan Sargent

Jim DeBord

Item b.

**Kim Lane**

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**From:** Jim DeBord <jimdebord81@gmail.com>  
**Sent:** Tuesday, September 15, 2020 8:30 AM  
**Subject:** Investment committee

Good morning. I got my letter regarding the investment committee and would like to continue my appointment on the investment committee. Thank you, Jim

Sent from my iPhone=

## CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	October 13, 2020
	<u>Agenda Section</u>	<b>10</b>

Parks & Recreation Board Appointments

SUBMITTED BY:

Kim Lane, Borough Clerk

FISCAL NOTE:

**Expenditure Required:** \$XXX Total

FY 20: \$	FY 21: \$	FY22: \$
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**Amount Budgeted:**

	FY20 \$XXX
--	------------

**Account Number(s):**

	XXXXX XXX XXXX
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**Account Name(s):**

	Enter Text Here
--	-----------------

**Unencumbered Balance(s) (prior to expenditure):**

	\$XXX
--	-------

Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. None.

### RECOMMENDATION

The unexpired term seats available on the Parks & Recreation Board are:

- October 2021
- October 2022

There were no letters of interest received for these seats. Therefore, the Clerk will continue advertising for these vacancies.

## CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	October 13, 2020
	<u>Agenda Section</u>	<b>13</b>

Approval of Application to the ADEC State Revolving Loan Fund for the Water Treatment Plant Improvements Project Interim Financing Plan

SUBMITTED BY:

Amber Al-Haddad, Capital Facilities Director  
Joyce Mason, Finance Director

FISCAL NOTE:

**Expenditure Required: \$ Total**

FY 20: \$	FY 21: \$	FY22: \$
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**Amount Budgeted:**

	FY21 \$
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**Account Number(s):**

**Account Name(s):**

**Unencumbered Balance(s) (prior to expenditure):**

Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS:

**RECOMMENDATION MOTION:**

Move to Approve Application to the ADEC State Revolving Loan Fund for the Water Treatment Plant Improvements Project Interim Financing Plan

**SUMMARY STATEMENT:**

The City and Borough of Wrangell has accepted a loan from the United States Department of Agriculture, Rural Development (RD), as part of the funding package for the Water Treatment Plant Improvements project.

A condition of accepting this loan is that the Borough will secure interim financing for the duration of the project for which the USDA loan funds will be utilized to make project payments. The interim financing is for RD's loan portion only, in the amount of \$3,821,000, and may be drawn down during the construction phase only, in accordance with federal regulation. The selection of interim financing is entirely up to the CBW. Two interim financing options have been identified:

1. Commercial Lending with Wells Fargo, Bank N.A.

The CBW solicited financing options from a couple of commercial lenders and are working with Wells Fargo Bank, N.A. on a draw down structure with funds being dispersed as needed for progress payments up to the principal amount of \$3,821,000. Wells Fargo will coordinate with RD for approved progress payments at the time of loan disbursements. The loan term is identified as up to 24 months and CBW cash accounts would serve as collateral. The bond principal would be due, in full, upon the USDA loan closing. The Wells Fargo interest rate is variable and would be set to 80% of one month of LIBOR plus 1.00%. Currently this rate is 2.44% and has been trending up over the last ten years. At the current rates, the interest would be \$93,232.40 per year or if the loan is for two years would be \$186,464.80.

2. State Revolving Fund (SRF) Program with Alaska Department of Environmental Conservation (ADEC).

The Alaska branch of RD/USDA has been looking at ways to ease the burden of federal regulation compliance for Alaska communities. They scheduled a joint meeting with Wrangell staff and ADEC staff to explore the idea of using a SRF Program loan to substitute for the commercial lender as our required interim financing.

While ADEC has not to date provided a loan for this purpose, they are willing to explore the idea, with Wrangell being the first to utilize SRF Program loan funds in this manner. We submitted our loan questionnaire to ADEC in August, seeking a project eligibility determination and inclusion on the Project Priority List. Wrangell's request for a loan to serve as the interim financing for the USDA \$3,821,000 loan is on the SRF Program's 3<sup>rd</sup> Quarter FY21 "To Fund" list, and the next step would be to submit a formal loan application. As part of the loan application review, DEC is required to complete a financial capacity assessment of the Water Fund.

Similar to the commercial lending option, the SRF loan would allow funds to be dispersed, as needed, for progress payments up to the principal amount of \$3,821,000. The SRF loan requires no collateral. The SRF loan would allow for early pay off, which would take place as soon as the \$3,821,000 project funds were completely spent and USDA closes their loan. The SRF Program interest rate options are: 1) up to five years at 1%; or 2) up to twenty years at 1.5%. At the 1% rate, the interest would be \$38,210.00 per year or if the loan is for two years would be \$76,420.00.

With the ADEC State Revolving Fund Loan program offering a lower interest rate and no collateral, staff recommend pursuing this loan program as the preferred option, over the Wells Fargo commercial lending option, for the Water Treatment Plant Improvements Project Interim Financing Plan.

If unsuccessful with the ADEC State Revolving Fund Loan application, the CBW will have to revert to the commercial lending option.

## CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	October 13, 2020
	<u>Agenda Section</u>	<b>13</b>

**RESOLUTION No. 10-20-1547** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, EXTENDING THE TEMPORARY AMENDMENT OF WRANGELL MUNICIPAL CODE SECTION 3.05.050 (TELECONFERENCING) RELATED TO ASSEMBLY MEETINGS AND PROVIDING GUIDANCE FOR ALL NON-ESSENTIAL BOROUGH COMMISSION, BOARD AND COMMITTEE MEETINGS

SUBMITTED BY:

Lisa Von Bargaen, Borough Manager &  
Kim Lane, Borough Clerk

FISCAL NOTE:

**Expenditure Required:** \$XXX Total

FY 20: \$	FY 21: \$	FY22: \$
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**Amount Budgeted:**

	FY20 \$XXX
--	------------

**Account Number(s):**

	XXXXXX XXX XXXX
--	-----------------

**Account Name(s):**

	Enter Text Here
--	-----------------

**Unencumbered Balance(s) (prior to expenditure):**

	\$XXX
--	-------

Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. Resolution No. 10-20-1547 2. Previously adopted Resolution No. 03-20-1520

**RECOMMENDATION MOTION:**

Move to approve Resolution No. 10-20-1547.

**SUMMARY STATEMENT:**

On March 17, 2020, the Assembly approved Resolution No. 03-20-1520 that allowed for the suspension of in-person Assembly meetings until October 17, 2020, unless extended.

Regarding the in-person meetings, Staff believes that it is still unsafe to have full in-person (including the Staff and Public) in the Assembly Chambers. Our Assembly Chambers are not set up for full in-person meetings with Staff and the public. In speaking with Capital Facilities, a local contractor could be hired to extend the *dias* to allow for social distancing of the Assembly. That would take away precious audience space and that would mean that only an estimated 4 to 6 people could be in the audience (including staff) along with the Assembly.

Staff is proposing that equipment be purchased to allow for in-person meetings with 6 ft. distancing in the large room at the Nolan Center.

This would mean that each Assembly Member, the Borough Manager, and the Clerk would have their own table. Each table would be equipped with its own microphone.

We would also have the podium set up with its own microphone for Staff and the public. After each use of this microphone, the Clerk would sanitize the equipment (microphone) and area to ensure proper sanitation.

Face masks and hand sanitizer would be made available for the Staff and public upon entering the Nolan Center.

Chairs would be set up in the “audience” area for the Staff and public as such to allow for social distancing. No risers will be set up, only chairs.

The tricky part of this plan is the electronic equipment. Working with the Nolan Center Director, Staff is looking at purchasing a laptop for the Nolan Center to use for the meetings, as well as the microphones and a video camera. Staff is wanting to continue using the Zoom option for the public members who do not want to participate in-person.

Each Assembly Member, the Manager, and the Clerk would have their own computer set up and would log onto Zoom (as we are all doing currently) and mute their audio, to eliminate audio feedback. We would have the microphones set up to project the audio. The Zoom video would be displayed on the large movie screen.

We still need to purchase the equipment and test it out. We are anticipating the cost of the microphones, laptop, and the wide-angle camera to be roughly \$2500.00. COVID Cares funding would pay for this expense.

After the threat of COVID has passed, Staff would like to use what is called OWL Pro in the Assembly Chambers. This system can be used with Zoom so that the public could still participate, even if they are not in the Chambers. This system would zone in on the speaker when they talk and would focus on the Zoom attendee when they are speaking. This system is \$1199.00.

We are asking that the Assembly approve the extension of the resolution allowing for teleconference Assembly meetings until December 31, 2020 while staff makes the necessary arrangements for equipment upgrades (research and purchasing) and testing of said equipment at the Nolan Center.

We are also asking that all nonessential Commission, Board and Committee meetings be allowed to meet by teleconference, unless social distancing in the Assembly Chambers can be achieved.

## CITY AND BOROUGH OF WRANGELL

RESOLUTION NO. 10-20-1547

AN EMERGENCY RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, EXTENDING THE TEMPORARY AMENDMENT OF WRANGELL MUNICIPAL CODE SECTION 3.05.050 (TELECONFERENCING) RELATED TO ASSEMBLY MEETINGS AND PROVIDING GUIDANCE FOR ALL NON-ESSENTIAL BOROUGH COMMISSION, BOARD AND COMMITTEE MEETINGS

WHEREAS, COVID-19 or the novel coronavirus is a contagious virus that is actively spreading across the world, including in the United States, and specifically now in Alaska; and,

WHEREAS, public health officials describe that COVID-19 is most severe in people older than 60 and people with underlying health conditions like heart disease, lung disease, and diabetes; and

WHEREAS, state and federal public health officials currently recommend social distancing measures that minimize large group meetings and that encourage people to stay six feet apart; and

WHEREAS, the Assembly, boards, commissions, and committees of the City and Borough of Wrangell host multiple public meetings a month; and

WHEREAS, continuity of operations and business of the City & Borough of Wrangell must continue; and

WHEREAS, the health and safety of citizens, employees, and members of the Assembly, commissions, boards and committees is of paramount concern to the City & Borough of Wrangell; and

WHEREAS, Wrangell Municipal Code Section 3.05.050 provides for teleconference participation of Assembly meetings, but only if a physical quorum is present in the Borough Assembly Chambers; and

WHEREAS, to protect life/health safety the Assembly passed Resolution 03-20-1520 in March of this year allowing for phone and video conference meetings because of COVID-19; and

WHEREAS, Resolution 03-20-1520 expires on October 17, 2010; and

WHEREAS, the threat of COVID-19 transmission remains in place and the need to physically distance is still necessary; and

WHEREAS, staff is working on a plan to move the Borough Assembly meetings to the Nolan Center to allow for proper social distancing and public participation, but requires time until the end of the calendar year to acquire equipment and supplies; and

WHEREAS, to continue allowing appropriate social distancing the temporary amendment of WMC Section 3.05.050 must be extended through December 31, 2020 to allow all Assembly members (staff and the public) to participate via teleconference or videoconference.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, THAT:

Section 1. Wrangell Municipal Code Section 3.05.050 (Teleconferencing) is temporarily amended as follows:

### **3.05.050 Teleconferencing and Videoconferencing.**

A. The mayor or an assembly member who will be absent from a meeting, including public hearings and work sessions of the assembly, including an executive session, may participate in the meeting by telephone or other electronic means as provided in this section and provided the following circumstances are met:

1. The meeting is held with a quorum of members physically or via teleconference/videoconference means present;
2. Reasonable technical capabilities are available at the meeting location to allow the member to participate by teleconference/videoconference, including being able to hear and engage in discussion, and being audible to all persons participating in the meeting;
3. Prior to the meeting reasonable efforts will be made to ensure that the member participating by teleconference/videoconference is provided with the meeting agenda and other pertinent documents to be discussed and acted upon; access to the agenda and documents from the borough's website will be considered sufficient access;
4. For any executive session, the member participating by teleconference/videoconference shall acknowledge that there is no other person with the member or in close enough proximity to hear the meeting discussion.

B. Participation of Mayor and Assembly Members by Teleconference/Videoconference.

1. An assembly member may request to participate in any meeting of the assembly by notifying the clerk **one hour prior to any meeting**.~~[to arrange for teleconference participation by 4:00 p.m. on the Friday before the Tuesday regular assembly meeting, and at least 12 hours before any special assembly meeting].~~

2. The mayor, or the presiding officer in the absence of the mayor, may request to participate in any meeting of the assembly by notifying the clerk to arrange for teleconference/**videoconference** participation **one hour prior to any meeting**.~~by 4:00 p.m. on the Friday before the Tuesday regular assembly meeting, and at least 12 hours before any special assembly meeting.~~

3. The mayor and any assembly member participating by teleconference/**videoconference** shall be deemed to be present at the assembly meeting for all purposes, including for quorum and voting;~~provided, that:~~

~~The mayor, or the presiding officer in the absence of the mayor, shall not preside over the assembly meeting when participating by teleconference.~~

4. The mayor and any assembly member participating by teleconference/**videoconference** shall have the same right to participate in any matter as if physically present at the assembly meeting, including debate under WMC [3.05.060](#), adjudicatory matters, and presentations. Reasonable efforts shall be made to make available to the mayor and any assembly member participating by teleconference/**videoconference** any pertinent documents that are to be discussed and/or acted upon, including the assembly packet.

5. The mayor and any assembly member participating by teleconference/**videoconference** shall have the same right to vote on any matter as if physically present at the assembly meeting. All voting at the meeting shall be by roll call vote. The assembly member who is participating by teleconference/**videoconference**, or the mayor when participating by teleconference/**videoconference**, determines whether the member or the mayor has had the opportunity to evaluate all pertinent information, including any testimony and/or evidence, and is prepared to vote.

6. ~~Teleconference participation at any assembly meeting by each assembly member or by the mayor is limited to four times during the 12-month period commencing January 1st each year. However, teleconference participation by a member or the mayor will not be allowed consecutively for more than two regular meetings. Participation in a meeting by teleconference while out of town on municipal business does not count toward the four times for which~~

~~teleconference participation is permitted or toward the two consecutive regular meetings limit on participation by teleconference.~~

C. All votes taken at the meeting are by roll call of the members physically present at the meeting and the members participating by teleconference/videoconference.  
[Ord. 947 § 2, 2018; Ord. 915 § 3, 2016; Ord. 882 § 2, 2014.]

Section 2. This extension of the temporary amendment to Wrangell Municipal Code Section 3.05.050 is effective October 13, 2020 and shall sunset, unless otherwise previously terminated, December 31, 2020.

Section 3. All nonessential Commission, Board and Committee meetings shall continue to meet by teleconference, unless social distancing can be achieved in the Borough Assembly Chambers at City Hall, or otherwise previously terminated, December 31, 2020.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY & BOROUGH OF WRANGELL, ALASKA THIS 13th DAY OF October, 2020.

CITY & BOROUGH OF WRANGELL

\_\_\_\_\_  
Stephen Prysunka, Mayor

ATTEST: \_\_\_\_\_  
Kim Lane, Borough Clerk

## CITY AND BOROUGH OF WRANGELL

RESOLUTION NO. 03-20-1520

AN EMERGENCY RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA TEMPORARILY AMENDING WRANGELL MUNICIPAL CODE SECTION 3.05.050 (TELECONFERENCING) RELATED TO ASSEMBLY MEETINGS AND TEMPORARILY SUSPENDING ALL NON-ESSENTIAL BOROUGH COMMISSION, BOARD AND COMMITTEE MEETINGS

WHEREAS, COVID-19 or the novel coronavirus is a contagious virus that is actively spreading across the world, including in the United States, and specifically now in Alaska; and,

WHEREAS, public health officials describe that COVID-19 is most severe in people older than 60 and people with underlying health conditions like heart disease, lung disease, and diabetes; and

WHEREAS, state and federal public health officials currently recommend social distancing measures that minimize large group meetings and that encourage people to stay six feet apart; and

WHEREAS, state and federal officials currently prohibit group gatherings of 10 or more people; and

WHEREAS, the Assembly, boards, commissions, and committees of the City and Borough of Wrangell host multiple public meetings a month; and

WHEREAS, continuity of operations and business of the City & Borough of Wrangell must continue; and

WHEREAS, the health and safety of citizens, employees, and members of the Assembly, commissions, boards and committees is of paramount concern to the City & Borough of Wrangell; and

WHEREAS, Wrangell Municipal Code Section 3.05.050 provides for teleconference participation of Assembly meetings, but only if a physical quorum is present in the Borough Assembly Chambers; and

WHEREAS, to practice appropriate social distancing Section 3.05.050 must be temporarily amended to allow all Assembly members (staff and the public) to participate via teleconference or videoconference.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, THAT:

Section 1. Wrangell Municipal Code Section 3.05.050 (Teleconferencing) is temporarily amended as follows:

**3.05.050 Teleconferencing and Videoconferencing.**

A. The mayor or an assembly member who will be absent from a meeting, including public hearings and work sessions of the assembly, including an executive session, may participate in the meeting by telephone or other electronic means as provided in this section and provided the following circumstances are met:

1. The meeting is held with a quorum of members physically or via teleconference/videoconference means present;
2. Reasonable technical capabilities are available at the meeting location to allow the member to participate by teleconference/videoconference, including being able to hear and engage in discussion, and being audible to all persons participating in the meeting;
3. Prior to the meeting reasonable efforts will be made to ensure that the member participating by teleconference/videoconference is provided with the meeting agenda and other pertinent documents to be discussed and acted upon; access to the agenda and documents from the borough's website will be considered sufficient access;
4. For any executive session, the member participating by teleconference/videoconference shall acknowledge that there is no other person with the member or in close enough proximity to hear the meeting discussion.

B. Participation of Mayor and Assembly Members by Teleconference/Videoconference.

1. An assembly member may request to participate in any meeting of the assembly by notifying the clerk one hour prior to any meeting. ~~[to arrange for teleconference participation by 4:00 p.m. on the Friday before the Tuesday regular assembly meeting, and at least 12 hours before any special assembly meeting].~~
2. The mayor, or the presiding officer in the absence of the mayor, may request to participate in any meeting of the assembly by notifying the clerk to arrange for teleconference/videoconference participation one hour prior to any meeting. ~~by 4:00 p.m. on the Friday before the Tuesday regular assembly meeting, and at least 12 hours before any special assembly meeting.~~

3. The mayor and any assembly member participating by teleconference/videoconference shall be deemed to be present at the assembly meeting for all purposes, including for quorum and voting; ~~provided, that:~~

~~The mayor, or the presiding officer in the absence of the mayor, shall not preside over the assembly meeting when participating by teleconference.~~

4. The mayor and any assembly member participating by teleconference/videoconference shall have the same right to participate in any matter as if physically present at the assembly meeting, including debate under WMC 3.05.060, adjudicatory matters, and presentations. Reasonable efforts shall be made to make available to the mayor and any assembly member participating by teleconference/videoconference any pertinent documents that are to be discussed and/or acted upon, including the assembly packet.

5. The mayor and any assembly member participating by teleconference/videoconference shall have the same right to vote on any matter as if physically present at the assembly meeting. All voting at the meeting shall be by roll call vote. The assembly member who is participating by teleconference/videoconference, or the mayor when participating by teleconference/videoconference, determines whether the member or the mayor has had the opportunity to evaluate all pertinent information, including any testimony and/or evidence, and is prepared to vote.

~~6. Teleconference participation at any assembly meeting by each assembly member or by the mayor is limited to four times during the 12-month period commencing January 1st each year. However, teleconference participation by a member or the mayor will not be allowed consecutively for more than two regular meetings. Participation in a meeting by teleconference while out of town on municipal business does not count toward the four times for which teleconference participation is permitted or toward the two consecutive regular meetings limit on participation by teleconference.~~

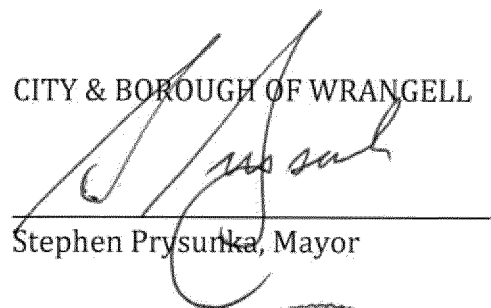
C. All votes taken at the meeting are by roll call of the members physically present at the meeting and the members participating by teleconference/videoconference. [Ord. 947 § 2, 2018; Ord. 915 § 3, 2016; Ord. 882 § 2, 2014.]

Section 2. This temporary amendment to Wrangell Municipal Code Section 3.05.050 is effective March 17, 2020 and shall sunset, unless otherwise previously terminated, October 17, 2020.

Section 3. All nonessential Commission, Board and Committee meetings are hereby suspended for a period of eight weeks beginning March 17, 2020 and ending May 17, 2020.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY & BOROUGH OF WRANGELL, ALASKA THIS 17TH DAY OF MARCH, 2020.

CITY & BOROUGH OF WRANGELL

  
Stephen Prysunka, Mayor

ATTEST:

  
Kim Lane, Borough Clerk



## CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	October 13, 2020
	<u>Agenda Section</u>	<b>13</b>

Approval of Audit Engagement Letter with BDO, USA in the amount of \$53,500 for the FY 2020 Audit

SUBMITTED BY:

Joyce Mason, Finance Director

FISCAL NOTE:

**Expenditure Required:** \$53,500 Total

FY 20: \$	FY 21: \$53,500	FY22: \$
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**Amount Budgeted:**

	FY21 \$60,000
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**Account Number(s):**

	11000 003 7540
--	----------------

**Account Name(s):**

	Auditing Services
--	-------------------

**Unencumbered Balance(s) (prior to expenditure):**

	\$60,000
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Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. BDO Engagement Letter

**RECOMMENDATION MOTION:**

Move to Approve Audit Engagement Letter with BDO, USA I the amount of \$53,500 for the FY 2020 Audit.

**SUMMARY STATEMENT:**

The Borough is engaging BDO, USA to conduct the FY 2020 Audit. . As per Alaska State Statues the Borough is mandated to have an annual financial audit by a certified accounting firm. The engagement letter for BDO is attached. BDO has done Wrangell's audit for many years and has agreed to perform this year's audit.

They are planning to do the field work remotely in October and issue the report by December 31, 2020. The work is being done remotely this year because of COVID-19. The Finance Director had a two-hour audit preparation conference call with the BDO team on October 6<sup>th</sup>. Significant portions of information have already been provided to BDO so work can begin. A schedule from BDO has been requested. It has not yet been received. Once it arrives it will be provided to the Assembly. That way Administration, the Assembly and BDO have a clear understanding of deliverables and timelines.

The estimated cost for the audit is \$53,500. The FY21 Budget includes \$60,000 for audit services this year.



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

3601 C Street, Suite 600  
Anchorage, AK 99503

Item c.

September 22, 2020

Ms. Joyce Mason  
Finance Director  
City and Borough of Wrangell  
PO Box 531  
Wrangell, Alaska 99929

Dear Ms. Mason:

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

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

Attached to this letter is an agreement describing our services. If you have questions about any of the matters discussed in that agreement, please give us a call. If you find the arrangements acceptable, please acknowledge your agreement to the understanding by signing and returning to us one of the two enclosed copies. The other copy is for your files.

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

Very truly yours,

*BDO USA, LLP*



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

3601 C Street, Suite 600  
Anchorage, AK 99503

Item c.

September 22, 2020

Ms. Joyce Mason  
Finance Director  
City and Borough of Wrangell  
PO Box 531  
Wrangell, Alaska 99929

Dear Ms. Mason:

### **Agreement to Provide Services**

This agreement to provide services (the “Agreement”) is intended to describe the nature and scope of our services.

### **Objective and Scope of the Audit**

As agreed, BDO USA, LLP (“BDO” or “we”) will audit the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information, including the related notes to the financial statements, which collectively comprise the basic financial statements of The City and Borough of Wrangell (the “Borough” or “you”) as of and for the year ending June 30, 2020. The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, to issue an auditor’s report that includes our opinion, and to report on the fairness of the supplementary information referred to below when considered in relation to the basic financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (“GAAS”) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

The objectives of our audit also includes reporting on the Borough’s:

- Internal control related to the financial statements and compliance with federal statutes, regulations, and the terms and conditions of the federal awards, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and issuance of an opinion on whether the Borough complied with federal and state statutes, regulations, and the terms and conditions of the federal and state awards that could have a direct and material effect on each major program in accordance with the Uniform Guidance and the State of Alaska Audit Guide and Compliance Supplement for State Single Audits (Alaska Audit Guide).

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

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

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

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

1. Individual fund combining statements and schedules
2. Schedule of expenditures of federal awards
3. Schedule of state financial assistance

### **Responsibilities of BDO**

We will conduct our audit in accordance with GAAS. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a reasonable basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough's internal control. Accordingly, we will express no such opinion. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses in internal control. However, we will communicate to you and those charged with governance in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we identify during our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough's ability to continue as a going concern for a reasonable period of time.

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

Our audit will also be conducted in accordance with the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance or UG), and in accordance with the *State of Alaska Audit Guide and Compliance Supplement for State Single Audits* (Alaska Audit Guide) and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance and the Alaska Audit Guide, and other procedures we consider necessary to enable us to express such an opinion and to render the required reports. The Uniform Guidance and Alaska Audit Guide require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal and state statutes, regulations, and the terms and conditions of the federal and state awards that may have a direct and material effect on each of its major programs. Our procedures will consist of the applicable procedures described in the Office of Management and Budget's (OMB) Compliance Supplement and Alaska Audit Guide, for the types of compliance requirements that could have a direct and material effect on each of the Borough's major programs. As required by the Uniform Guidance and Alaska Audit guide, our audit will include tests of transactions related to major federal and state award programs for compliance with applicable federal and state statutes, regulations, and the terms and conditions of federal awards. The purpose of these procedures will be to express an opinion on the Borough's compliance with requirements applicable to major programs in our report on compliance issued pursuant to the Uniform Guidance and Alaska Audit Guide.

Our work will be based primarily upon selected tests of evidence supporting the amounts and disclosures in the financial statements and, therefore, will not include a detailed check of all of the Borough's transactions for the period. Also, an audit is not designed to detect errors or fraud or violations of federal and state statutes and regulations that are immaterial to the financial statements or major programs. However, we will inform you of any material errors or fraud that come to our attention. We will also inform you of possible illegal acts that come to our attention unless they are clearly inconsequential. We will also include such matters in the reports required for an audit performed under the Uniform Guidance and Alaska Audit Guide. In addition, during the course of our audit, financial statement misstatements relating to accounts or disclosures may be identified, either through our audit procedures or through communication by your employees to us, and we will bring these misstatements to your attention as proposed adjustments. At the conclusion of our audit we will communicate to those charged with governance (as defined below) all uncorrected misstatements. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

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

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

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

Notwithstanding the unprecedented circumstances resulting from the COVID-19 outbreak, we continue to have a professional obligation to gather sufficient appropriate audit evidence in support of your financial statements. Travel restrictions, actual or suspected infections, work from home requirements, changes - such as work force reductions - made to accommodate the current business environments, or other similar matters may result in delays in your employees' ability to provide us the necessary audit evidence on a timely basis or at all. Similarly, such matters may impact our own ability to collect or appropriately assess necessary audit evidence on a timely basis or at all.

Should such events occur, the Borough and BDO will make good faith efforts to complete alternative procedures to gather and assess necessary audit evidence. Such procedures might include, but not be limited to, our respective employees working from home, transferring more audit information via electronic modes (preferably through our secure BDO Exchange portal), and meeting virtually rather than in-person. As to audit evidence transferred via electronic modes, you are responsible to ensure that such evidence is authentic, complete, and accurate for the purposes it is meant to serve. BDO will perform, as it deems necessary,

incremental procedures to validate the authenticity, completeness, and accuracy of such audit evidence.

At your request, we will not audit the financial statements of Wrangell Public Schools. You have engaged Altman, Rogers & Company (the “component auditors”) to perform a similar audit of Wrangell Public Schools and have arranged for them to furnish us with their report on the audit of its financial statements. To ensure those financial statements will be in form and detail suitable for inclusion in the financial statements and the component auditor’s report will be in form and detail suitable for us to refer to in our report on the financial statements, we may discuss significant accounting and reporting matters with Altman, Rogers & Company and Wrangell Public School’s management. You will authorize Altman, Rogers & Company and the management of Wrangell Public Schools to furnish us with such cooperation and communication as we may consider desirable for those purposes.

#### **Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

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

Management is also responsible for preparation of the schedule of federal expenditures of federal awards, schedule of state financial assistance, including the notes, noncash assistance received and other required information, in accordance with the requirements of the Uniform Guidance and Alaska Audit Guide. Management is responsible for identifying all federal and state awards expended during the period including federal and state awards and funding increments received prior to December 26, 2014, and those received subsequent to December 26, 2014 in accordance with the audit requirements of the Uniform Guidance and Alaska Audit Guide. You acknowledge and understand your responsibility for the preparation of all supplementary information, including the schedule of expenditures of federal awards, and schedule of state financial assistance, in accordance with the applicable criteria. Management is responsible for identifying all federal and state awards received and understanding and complying with the compliance requirements, in accordance with the Uniform Guidance and Alaska Audit Guide. Management is also responsible for (1) establishing and maintaining effective internal control, including internal control over compliance and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met, (2) compliance with federal and state statutes, regulations, and the terms and conditions of federal and state awards, (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements, and (4) ensuring

that management and financial information is reliable and properly reported. You also agree to include our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. You also agree to present the supplementary information with the audited financial statements, or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and our report thereon.

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

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

As required by GAAS, we will request certain written representations from management at the close of our audit to confirm oral representations given to us and to indicate and document the continuing appropriateness of such representations and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. Because of the importance of management's representations to an effective audit, the Borough agrees, subject to prevailing laws and regulations, to release and indemnify BDO and its partners, principals, employees, affiliates, contractors, agents, and Permitted Assignees (as defined herein under "Assignment") (collectively, the "BDO Group") from and against all liability and costs relating to our services rendered under this Agreement attributable to any knowing misrepresentations by management.

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

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

At the conclusion of the engagement, we will complete the appropriate sections of and electronically certify the Data Collection Form that summarizes our audit findings. We will provide a final copy of our reports in a PDF file to the Borough; however, it is management's responsibility to upload the PDF version of the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) and complete the appropriate sections of the Data Collection Form. Management is responsible for electronically certifying the Data Collection Form and electronically submitting the completed Data Collection Form to the Federal Audit Clearinghouse (FAC). The financial reporting package must be text searchable, unencrypted, and unlocked to be accepted by the FAC. The Data Collection Form and the reporting package must be submitted electronically within the earlier of 30 days after receipt of the auditor's reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the oversight agency for audit. Both BDO and management are responsible for ensuring that in their respective parts of the reporting package there is no protected personally identifiable information. We understand that we must make copies of the Data Collection Form and reporting package available for public inspection.

#### **Expected Form and Content of the Auditor's Report**

At the conclusion of our audit, we will submit to you a report based on our audit and the report of the component auditors, containing our opinion as to whether the financial statements, taken as a whole, are fairly presented based on accounting principles generally accepted in the United States of America. If, during the course of our work, it appears for any reason that we will not be in a position to render an unmodified opinion on the financial statements or the Uniform Guidance compliance, or that our report will require an Emphasis of Matter or Other Matter paragraph, we will discuss this with you. In particular, impacts from the COVID-19 outbreak may result in our inability to properly complete the engagement or require us to include such an explanatory or emphasis paragraph in our auditor's report. It is possible that, because of unexpected circumstances, we may determine that we cannot render a report or otherwise complete the engagement. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require, we may resign from the engagement prior to completion.

The reports on internal control and compliance will each include a statement that the purpose of these reports is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of *Government Auditing*

*Standards* (GAS) and the Uniform Guidance and Alaska Audit Guide and are not suitable for any other purpose.

### **Termination**

Upon notice to the Borough, BDO may terminate this Agreement if BDO reasonably determines that it is unable to perform the services described in this Agreement in accordance with applicable professional standards, laws, or regulations. If we elect to terminate our services for any reason provided for in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. If the Agreement is terminated, the Borough agrees to compensate BDO for the services performed and expenses incurred through the effective date of termination. Those provisions in this Agreement that, by their very nature, are intended to survive termination shall survive after the termination of the Agreement, including, but not limited to, the parties' obligations related to any of the following provisions: indemnification, limitations on liability, confidentiality, dispute resolution, payment and reimbursement obligations, and limitations on use or reliance.

### **Client Continuance Matters**

BDO is retaining the Borough as a client in reliance on information obtained during the course of our client continuance procedures. Sam Thompson has been assigned the role of engagement director and is responsible for directing the engagement and issuing the appropriate report on the Borough's financial statements.

### **Email Communication**

BDO disclaims and waives, and you release the BDO Group from, all liability for the interception or unintentional disclosure of email transmissions or for the unauthorized use or failed delivery of emails transmitted or received by BDO in connection with the services we are being engaged to perform under this Agreement.

### **External Computing Options**

If, at the Borough's request, BDO agrees to use certain external commercial services, including but not limited to services for cloud storage, remote control, and/or file sharing options (collectively "External Computing Options"), that are outside of BDO's standard security protocol, the Borough acknowledges that such External Computing Options may be associated with heightened security and privacy risks. Accordingly, BDO disclaims and the Borough agrees to release the BDO Group from, and indemnify the BDO Group for, all liability arising out of or related to the use of such External Computing Options.

### **Ownership of Working Papers**

The working papers prepared in conjunction with our audit are the property of BDO, constitute confidential, proprietary, and trade secret information, and will be retained by us in accordance with BDO's policies, procedures, and applicable laws.

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

#### **Reproduction of Auditor's Report**

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

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

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

#### **Review of Documents in Connection With Offering of Sale of Debt**

The audited financial statements and our report thereon should not be provided or otherwise made available to lenders, other financial institutions or sources of financing, or others (including advisors to such parties) in connection with any document to be used in the process of obtaining capital, including, without limitation, by means of the sale of securities (including securities offerings on the Internet) without first submitting copies of the document to us in sufficient time for our review and written approval. If, in our professional judgment, the circumstances require, we may withhold or condition our written approval.

#### **Availability of Records and Personnel**

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

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

#### **Assistance by Your Personnel and Internet Access**

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

#### **Peer Review Reports**

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

#### **Other Services**

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

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

We will assist the Borough in preparing the financial statements and related footnote disclosures for the year ended June 30, 2020, based on the Borough's accounting records and other information that comes to our attention during the course of our engagement. We will also assist the Borough in preparing and submitting the required Form SF-SAC Data Collection Form and the GASB 68 & 75 entries and related footnote disclosures.

#### **Independence**

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

In order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the non-attest services described

above. Prior to performing such services in conjunction with our audit, management must acknowledge its acceptance of certain responsibilities.

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

The Borough agrees to perform the following functions in connection with our performance of the preparation of the financial statements and related footnote disclosures, preparing and submitting the required Form SF-SAC Data Collection Form, and preparing the GASB 68 & 75 entries and footnote disclosures:

- a. Make all management decisions and perform all management functions with respect to the preparation of the financial statements, data collection form, and GASB 68 & 75 entries provided by us.
- b. Assign Joyce Mason, Finance Director, to oversee the preparation of the financial statements, data collection form, and GASB 68 & 75 entries provided by us and evaluate the adequacy and results of the services.
- c. Accept responsibility for the results of the preparation of the financial statements, data collection form, and GASB 68 & 75 entries.

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

In accordance with *Government Auditing Standards*, you will be required to review and approve the financial statements prior to their issuance and have a responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing those services.

### **Limitation of Liability**

Except to the extent finally determined to have resulted from the fraud or intentional misconduct of any member of the BDO Group, the BDO Group's liability to the Borough for any claims arising under this Agreement shall not exceed the aggregate amount of fees paid by the Borough to BDO during the 12 months preceding the date of the claim for the services giving rise to the claim, regardless of whether such liability arises in contract, statute, tort (including the negligence of any member of the BDO Group), or otherwise. In no event shall the BDO Group be liable for consequential, special, indirect, incidental, punitive, or exemplary losses or damages relating to this Agreement.

### **Dispute Resolution Procedure**

**Any dispute or claim between you and BDO arising out of or relating to the Agreement or a breach of the Agreement, including, without limitation, claims for breach of contract, professional negligence, breach of fiduciary duty, misrepresentation, fraud, or claims**

based in whole or in part on any other common-law, statutory, regulatory, legal, or equitable theory, and disputes regarding all fees, including attorneys' fees of any type, and/or costs charged under this Agreement ("Arbitration Claims") (except to the extent provided below) shall be submitted to binding arbitration administered by the American Arbitration Association ("AAA"), in accordance with its Commercial Arbitration Rules. Arbitration Claims shall be brought in a party's individual capacity, and not as a plaintiff or class member in any purported class or representative proceeding. Arbitration Claims shall be heard by a panel of three (3) arbitrators, to be chosen as follows: within fifteen (15) days after the commencement of arbitration, each party shall select one person to act as arbitrator; thereafter, the two individually selected arbitrators shall select a third arbitrator within ten (10) days of their appointment. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the AAA. The arbitration panel shall have the power to rule upon its own jurisdiction and authority, including any objection to the initial or continuing existence, validity, effectiveness, or scope of this arbitration agreement. The arbitration panel may not consolidate more than one person's claims and may not otherwise preside over any form of a representative or class proceeding. The arbitration panel shall have no authority to award non-monetary or equitable relief, but nothing herein shall be construed as a prohibition against a party from pursuing non-monetary or equitable relief in a federal or state court. The place of arbitration shall be the city in which the BDO office providing the majority of the services involved under this Agreement is located, unless the parties agree in writing to a different location. Regardless of where the arbitration proceeding actually takes place, all aspects of the arbitration and the Agreement shall be governed by the laws of the State of New York (except if there is no applicable state law providing for such arbitration, then the Federal Arbitration Act shall apply) and the procedural and substantive law of such state shall be applied without reference to conflicts of law rules. The parties shall bear their own legal fees and costs for all Arbitration Claims. The award of the arbitrators shall be accompanied by a reasoned opinion, and judgment on the award rendered by the arbitration panel may be entered in any court having jurisdiction thereof. Except as may be required by law or to enforce an award, neither a party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of the parties to the Agreement.

The parties to the Agreement acknowledge that by agreeing to this arbitration provision, they are giving up the right to litigate claims against each other, and important rights that would be available in litigation, including the right to trial by judge or jury, to extensive discovery and to appeal an adverse decision. The parties acknowledge that they have read and understand this arbitration provision, and that they voluntarily agree to binding arbitration.

The Borough shall bring no Arbitration Claim more than one (1) year following the completion of the services provided under this Agreement to which the Arbitration Claim relates. This paragraph will shorten, but in no event extend, any otherwise legally applicable period of limitations on such Arbitration Claims.

**Fees**

Our charges to the Borough for the services described above are expected to be \$53,500 for professional services. This fee is based on the engagement requiring approximately 400 professional hours to complete, and on the following assumptions: your personnel will prepare certain schedules and analyses for us and make available to us documents for our examination as and when requested; there will be no significant changes in the internal controls, key personnel, or structure of the organization; there will be no significant changes in critical systems affecting key financial statement accounts (e.g. significant upgrade, systems integration, and/or systems implementation); and there will not be any unanticipated increases in current operations requiring significant additional audit time. Should we encounter any unforeseen problems that will warrant additional time or expense, you will be notified of the situation and, if possible, the added cost. We will also bill you for our out-of-pocket expenses.

This engagement includes only those services specifically described in this Agreement; any additional services not specified herein will be agreed to in a separate letter. In the event you request us to object to or respond to, or we receive and respond to, a validly issued third party subpoena, court order, government regulatory inquiry, or other similar request or legal process against the Borough or its management for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements with the Borough, you agree to compensate us for all time we expend in connection with such response, at our standard rates, and to reimburse us for all related out-of-pocket costs (including outside attorneys' fees) that we incur.

Our standard practice is to invoice our fees on an installment basis. Fees, plus any out-of-pocket costs, will be billed according to the following schedule: 25% of the quote price above will be billed prior to beginning audit field work; 50% will be billed upon completion of audit field work; 25% will be billed at issuance of the audited financial statements.

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

**Assignment**

BDO shall have the right to assign its rights to perform a portion of the services described above to any of its independent BDO Alliance USA, affiliates (including, where applicable, member firms of the international BDO network), agents, or contractors (a "Permitted Assignee") without the Borough's prior consent. If such assignment is made, the Borough agrees that, unless it enters into an engagement letter directly with the Permitted Assignee, all of the applicable terms and conditions of this Agreement shall apply to the Permitted

Assignee. We agree that we shall not permit the Permitted Assignee to perform any work until it agrees to be bound by the applicable terms and conditions of this Agreement. We further agree that we will remain primarily responsible for the services described above, unless we and the Borough agree otherwise, and we will supervise the work of the Permitted Assignee to ensure that all such services are performed in accordance with this Agreement. From time to time, and depending on the circumstances, Permitted Assignees located in other countries may participate in the services we provide to the Borough. In some cases, we may transfer information to or from the United States or another country. Although applicable privacy laws may vary depending on the jurisdiction, and may provide less or different protection than those of the Borough's home country, we require that all Permitted Assignees agree to maintain the confidentiality of the Borough's information and observe our policies concerning any confidential client information that we provide to them.

The Borough may not assign this Agreement to another party without our prior written consent.

### **Third-Party Use**

BDO will perform the professional services provided in connection with this engagement solely for the benefit and use of the Borough. BDO does not anticipate and does not authorize reliance by any other party on its professional services. Any amendment to this provision must be made through a written document signed by the Borough and BDO.

### **Confidentiality**

Each of the parties hereto shall treat and keep all of the "Confidential Information" (defined below) as confidential, with at least the same degree of care as it accords to its own confidential information of a similar nature, but in no event less than a reasonable degree of care. Each party shall disclose the Confidential Information only to its employees, partners, contractors, consultants, agents, or its legal or other advisors, provided that they have: (A) each been informed of the confidential, proprietary, and secret nature of the Confidential Information, or are subject to a binding, preexisting obligation of confidentiality no less stringent than the requirements of this Agreement, and (B) a demonstrable need to review such Confidential Information. "Confidential Information" means all non-public information that is marked as "confidential" or "proprietary" or that otherwise should be understood by a reasonable person to be confidential in nature that is obtained by one party (the "Receiving Party") from the other party (the "Disclosing Party"). All terms of this Agreement and all information provided pursuant to this Agreement are considered Confidential Information. Notwithstanding the foregoing, Confidential Information shall not include any information that was or is: (a) known to the Receiving Party prior to disclosure by the Disclosing Party; (b) as of the time of its disclosure, or thereafter becomes, part of the public domain through a source other than the Receiving Party; (c) made known to the Receiving Party by a third person who is not subject to any confidentiality obligation known to Receiving Party and such third party does not impose any confidentiality obligation on the Receiving Party with respect to such information; (d) required to be disclosed pursuant to governmental authority, professional obligation, law, decree regulation, subpoena, or court order; or (e) independently developed by the Receiving Party. In no case shall the tax treatment or the tax structure of any transaction be treated as confidential as provided in Treas. Reg. sec. 1.6011-4(b)(3). If disclosure is required pursuant to subsection (d) above, the Receiving Party shall

(other than in connection with routine supervisory examinations by regulatory authorities with jurisdiction and without breaching any legal or regulatory requirement) provide prior written notice thereof to allow the Disclosing Party to seek a protective order or other appropriate relief. Upon the request of the Disclosing Party, the Receiving Party shall return or destroy all of the Confidential Information except for (i) copies in working paper files retained to comply with a party's professional or legal obligations and (ii) such Confidential Information retained in accordance with the Receiving Party's normal back-up data storage procedures. Notwithstanding the foregoing, BDO shall have the right to use the Borough's Confidential Information in connection with performing BDO's obligations hereunder, and also to use de-identified and aggregated key performance indicators derived from BDO's work product in efforts to improve the services generally, including for benchmarking and analytical purposes, so long as such information remains in a de-identified aggregated form and such use does not violate any of BDO's obligations of confidentiality hereunder. BDO shall not share or sell any of the de-identified Borough information to third parties, and shall store such information in such a way that neither the Borough nor any of the Borough's staff or customers can be identified.

#### **Miscellaneous**

This Agreement sets forth the entire agreement between the parties with respect to the subject matter herein, superseding all prior agreements, negotiations, or understandings, whether oral or written, with respect to the subject matter herein. This Agreement may not be changed, modified, or waived in whole or part except by an instrument in writing signed by both parties. This Agreement is intended to cover only the services specified herein, although we look forward to many more years of pleasant association with the Borough. This engagement is a separate and discrete event and any future services will be covered by a separate agreement to provide services.

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

Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, professional standards, or related published interpretations (including, without limitation, the independence rules of the American Institute of Certified Public Accountants, Securities and Exchange Commission, Public Company Accounting Oversight Board, and Government Auditing Standards), but if any provision of this Agreement shall be deemed void, prohibited, invalid, or otherwise unenforceable in whole or in part for any reason under such applicable laws, regulations, professional standards, published interpretations, or any reason whatsoever, such provisions or portion(s) thereof shall be ineffective only to the extent of such prohibition, invalidity, or unenforceability and shall be amended to the minimum extent required to make the provision enforceable, and such revised provision shall be made a part of this Agreement as if it was

Ms. Joyce Mason  
 September 22, 2020  
 Page 16

specifically set forth herein. Furthermore, the provisions of the foregoing sentence shall not invalidate the remainder of such provision or the other provisions of this Agreement, which shall remain in full force and effect.

The Borough's signature below represents that it has the full power and authority to enter into this Agreement on behalf of the Borough and any Borough subsidiary or other affiliate that may rely on the services provided hereunder, or that it shall ensure that each such subsidiary or other affiliate agrees to be bound to the terms hereof.

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

\* \* \* \* \*

We believe the foregoing correctly sets forth our understanding; however, if you have any questions, please let us know. If you find the foregoing arrangements acceptable, please acknowledge this by signing and returning to us a copy of this Agreement and retaining a copy for your files.

Very truly yours,

*BDO USA, LLP*

Acknowledged:

**CITY AND BOROUGH OF WRANGELL**

By: \_\_\_\_\_  
 Joyce Mason, Finance Director

Date: \_\_\_\_\_

Baker Tilly Virchow Krause, LLP  
225 S Sixth St, Ste 2300  
Minneapolis, MN 55402-4661  
United States of America

T: +1 (612) 876 4500  
F: +1 (612) 238 8900

bakertilly.com

## Report on the Firm's System of Quality Control

December 4, 2018

To the Partners of BDO USA, LLP and the National Peer Review Committee:

We have reviewed the system of quality control for the accounting and auditing practice of BDO USA, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (the Standards).

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

### Firm's Responsibility

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

### Peer Reviewer's Responsibility

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

### Required Selections and Considerations

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

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

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BDO USA, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. BDO USA, LLP has received a peer review rating of pass.

*Baker Tilly Virchow Krause, LLP*

## CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	October 13, 2020
	<u>Agenda Section</u>	<b>13</b>

**EMERGENCY ORDINANCE No. 980** OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA EXTENDING THE BOROUGH'S DECLARATION OF EMERGENCY RELATED TO THE NOVEL CORONAVIRUS (COVID-19) PANDEMIC AND GRANTING AUTHORIZATION TO TAKE ACTIONS NECESSARY TO PROTECT PUBLIC HEALTH DURING THE EMERGENCY THROUGH DECEMBER 31, 2020

SUBMITTED BY:

Lisa Von Bargaen, Borough Manager

FISCAL NOTE:

**Expenditure Required:** \$XXX Total

FY 20: \$	FY 21: \$	FY22: \$
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**Amount Budgeted:**

	FY20 \$XXX
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**Account Number(s):**

	XXXXX XXX XXXX
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**Account Name(s):**

	Enter Text Here
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**Unencumbered Balance(s) (prior to expenditure):**

	\$XXX
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Reviews/Approvals/Recommendations

<input type="checkbox"/>	Commission, Board or Committee
Name(s)	
Name(s)	
<input type="checkbox"/>	Attorney
<input type="checkbox"/>	Insurance

ATTACHMENTS: 1. Proposed Ordinance No. 980; 2. Original Ordinance No. 976

**RECOMMENDATION MOTION:**

Move to Approve Emergency Ordinance 980.

**SUMMARY STATEMENT:**

On March 17, 2020 the Assembly passed Emergency Ordinance No 976 declaring an Emergency related to the Novel Coronavirus, or COVID-19. That ordinance is scheduled to sunset as of October 17, 2020. In order to ensure the CBW is able to qualify for all federal and state disaster resources;

and because COVID-19 remains a significant threat to the community, Administration is requesting extension of the emergency declaration through December 31, 2020. At the end of the calendar year if the ordinance needs to be further extended, the Assembly can consider it at that time. The attached ordinance keeps all the original provisions in place, but extends the effective date of the emergency declaration through December 31, 2020.

CITY AND BOROUGH OF WRANGELL, ALASKA  
ORDINANCE NO. 980

AN EMERGENCY ORDINANCE OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA EXTENDING THE BOROUGH'S DECLARATION OF EMERGENCY RELATED TO THE NOVEL CORONAVIRUS (COVID-19) PANDEMIC AND GRANTING AUTHORIZATION TO TAKE ACTIONS NECESSARY TO PROTECT PUBLIC HEALTH DURING THE EMERGENCY THROUGH DECEMBER 31, 2020

WHEREAS, on March 17, 2020 the Assembly of the City & Borough of Wrangell passed Emergency Ordinance No. 976 declaring an emergency related to the Novel Coronavirus (COVID-19) Pandemic; and

WHEREAS, the dangers related to COVID-19 remain a threat to the community and the healthcare system capacity, especially as case counts in the state have exceed more than 100 per day for more than two sustained weeks; and

WHEREAS, Wrangell has had 20 positive, and thankfully recovered, cases of COVID-19; and

WHEREAS, to ensure the ability to take advantage of all COVID-19 federal and state resources, the CBW must keep its Emergency Declaration current.

NOW THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA:

**SECTION 1: AUTHORIZATION.** This is a non-codified EMERGENCY ORDINANCE provided for in the Home Rule Charter of the City & Borough of Wrangell, Alaska Section 2-11.

**SECTION 2: DECLARATION OF EMERGENCY.** The Assembly of the City and Borough of Wrangell, Alaska hereby extends the declaration an emergency for the City and Borough of Wrangell related to the Novel Coronavirus (COVID-19) Pandemic from October 17, 2020 through December 31, 2020.

**SECTION 3: EMERGENCY ORDERS.** The Assembly of the City and Borough of Wrangell, Alaska hereby grants authority to the Borough Manager and Mayor to issue Emergency Orders taking steps necessary to protect public health during the emergency, with notification given to Assembly Members prior to issuance of any Emergency Order.

**SECTION 4: EFFECTIVE DATES.** This ordinance shall be effective upon adoption and shall sunset December 31, 2020 or until the virus is no longer declared a federal and state emergency, whichever occurs first.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA THIS 13<sup>TH</sup> DAY OF OCTOBER, 2020.

CITY & BOROUGH OF WRANGELL, ALASKA

\_\_\_\_\_  
Stephen Prysunka, Mayor

ATTEST: \_\_\_\_\_  
Kim Lane, Borough Clerk

CITY AND BOROUGH OF WRANGELL, ALASKA  
ORDINANCE NO. 976

AN ORDINANCE OF THE ASSEMBLY OF THE CITY AND BOROUGH OF  
WRANGELL, ALASKA DECLARING AN EMERGENCY RELATED TO THE NOVEL  
CORONAVIRUS (COVID-19) PANDEMIC AND GRANTING AUTHORIZATION TO  
TAKE ACTIONS NECESSARY TO PROTECT PUBLIC HEALTH DURING THE  
EMERGENCY

WHEREAS, the novel coronavirus (COVID-19) is a respiratory disease that can result in serious illness or death and is caused by the SARS-Cov-2 virus, a new strain of the coronavirus that has not previously been identified in humans and is easily transmittable person to person; and

WHEREAS, COVID-19, or the novel coronavirus, is a contagious virus that is actively spreading across the world, including in the United States, and specifically now in Alaska with three confirmed cases; and,

WHEREAS, on March 11, 2020 the World Health Organization (WHO) declared the virus a pandemic; Alaska Governor Dunleavy issued a declaration of public health disaster emergency in response to the anticipated outbreak of COVID-19 in Alaska; and on March 13, 2020 President Donald J. Trump declared a national emergency in response to the virus pandemic; and

WHEREAS, public health officials describe that COVID-19 is most severe in people older than 60 and people with underlying health conditions like heart disease, lung disease, and diabetes; and

WHEREAS, Wrangell, Alaska has one of, if not the, highest number of senior citizens per capita of any community in Alaska; meaning a significant portion of the Wrangell population is at high risk for COVID-19 and related complications; and

WHEREAS, complications from COVID-19 can, among other things, include severe respiratory distress, which may require the use of a ventilator to assist with breathing; and

WHEREAS, Wrangell Medical Center only has three ventilators, so even a small outbreak of persons with COVID-19 related respiratory complications has the potential to overwhelm the capacity of the local healthcare system; and

WHEREAS, the spread of the virus in other areas, specifically those typically used as Medievac destinations from Wrangell (like Seattle), may overwhelm those healthcare capacities and make care on Wrangell Island the only available option; and

WHEREAS, the expected economic fallout from the COVID-19 pandemic, especially the cancellation and delay of cruise traffic through Canada to Southeast Alaska, has the potential to catastrophically impact the local economy; and

WHEREAS, local emergency actions taken to proactively prevent and mitigate the spread of the virus have the potential to severely impact the finances of local businesses and residents; and

WHEREAS, Wrangell, Alaska is a remote island community to which all food, supplies, and goods must be shipped by barge or by plane, almost exclusively through the Port of Seattle where there is a major outbreak of COVID-19 which could interrupt the supply chain of critical resources for the community.

NOW THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA:

**SECTION 1: AUTHORIZATION.** This is a non-codified EMERGENCY ORDINANCE provided for in the Home Rule Charter of the City & Borough of Wrangell, Alaska Section 2-11.

**SECTION 2: DECLARATION OF EMERGENCY.** The Assembly of the City and Borough of Wrangell, Alaska hereby declares an emergency for the City and Borough of Wrangell related to the Novel Coronavirus (COVID-19) Pandemic.

**SECTION 3: EMERGENCY ORDERS.** The Assembly of the City and Borough of Wrangell, Alaska hereby grants authority to the Borough Manager and Mayor to issue Emergency Orders taking steps necessary to protect public health during the emergency, with notification given to Assembly Members prior to issuance of any Emergency Order.

**SECTION 4: EFFECTIVE DATES.** This ordinance shall be effective upon adoption and shall sunset October 17, 2020 or until the virus is no longer declared a federal and state emergency, whichever occurs first.

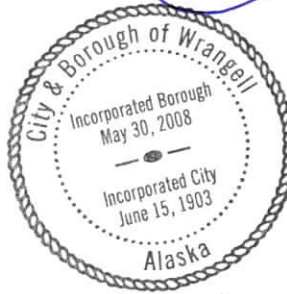
PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA THIS 17<sup>TH</sup> DAY OF MARCH, 2020.

CITY & BOROUGH OF WRANGELL, ALASKA

  
\_\_\_\_\_  
Stephen Prysunka, Mayor

ATTEST:

  
Kim Lane, Borough Clerk



## CITY & BOROUGH OF WRANGELL, ALASKA BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>DATE:</u>	October 13, 2020
	<u>Agenda Section</u>	<b>15</b>

**Executive Session:** Discussion of Litigation Tactics and Strategies Concerning Filing a Motion for Attorney's Fees and Bill of Costs in the Litigation Case Valvoda v. Borough of Wrangell, et al, Case No. 1WR-19-8 CI

SUBMITTED BY:

Lisa Von Bargen, Borough Manager

FISCAL NOTE:

**Expenditure Required:** \$XXX Total

FY 20: \$	FY 21: \$	FY22: \$
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**Amount Budgeted:**

	FY20 \$XXX
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**Account Number(s):**

	XXXXX XXX XXXX
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**Account Name(s):**

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**Unencumbered Balance(s) (prior to expenditure):**

	\$XXX
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Reviews/Approvals/Recommendations

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	Name(s)
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	Name(s)
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<input type="checkbox"/>	Attorney
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<input type="checkbox"/>	Insurance
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ATTACHMENTS: 1. Order Granting Motion to Dismiss

**RECOMMENDATION MOTION:**

Pursuant to AS 44.62.310 (c)(d), I move that we go into Executive Session, and invite the Borough Attorney, Clerk and Manager, to discuss litigation tactics and strategies concerning the CBW filing a Motion for Attorney's Fees and Bill of Costs in the Valvoda Case, a matter "which by law, municipal charter, or ordinance" is required to be confidential.

**SUMMARY STATEMENT:**

Information will be provided verbally during the executive session. A copy of the Order Granting the Motion to Dismiss the case is attached.

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA  
FIRST JUDICIAL DISTRICT AT WRANGELL

KIPHA VALVODA,

Plaintiff(s),

vs.

DAVID L. JACK, LISA VON BARGEN,  
AMBER AL HADDAD, JULIE DECKER,  
PATTY GILBERT, DREW LARRABEE,  
STEVEN PRYSUNKA, ROLLAND  
HOWELL,

Defendant(s).

CITY AND BOROUGH OF WRANGELL,

Defendant -- Intervenor.

FILED in the Trial Courts  
State of Alaska First District  
at Wrangell

OCT 07 2020

Clerk of the Trial Courts  
By \_\_\_\_\_ Deputy

Case No.: 1WR-19-8 CI

**ORDER GRANTING MOTION TO DISMISS**

I have this case on defendants' Motion to Dismiss. Mr. Valvoda filed what appears to be intended as an opposition to the motion and defendants have replied. Because Mr. Valvoda has willfully and repeatedly refused to respond to appropriate defense discovery requests and has failed to comply with court orders to respond to discovery, this court finds that it has no option other than to dismiss this case with prejudice.

Alaska Civil Rule 37 "affords trial courts broad power to enforce discovery orders by the use of sanctions". *DeNardo v. ABC Inc. RVs Motorhomes*, 51 P.3d 919, 922 (Alaska 2002). Sanctions may, in extreme cases, include dismissal of a party's claim because "outright failures to respond to discovery halt the case development process dead in its tracks, and threaten the underpinnings of the discovery system." *Id* at 921.

A trial court may impose claim-ending or litigation-ending sanctions if it finds that (1) the non-complying party willfully violated the order at issue; (2) non-disclosure of that information

1 results in prejudice to the opposing party; (3) the dismissal is sufficiently related to the violation  
2 at issue; and it considers "a reasonable exploration of alternatives to dismissal and whether  
3 those alternatives would adequately protect the opposing party as well as deter other discovery  
4 violations." *Id* at 922-923; See also *Khalsa v. Chose*, 261 P.3d 367, 372-73 (Alaska 2011).

5  
6 **1. Willful Violations:**

7 Mr. Valvoda filed a very brief and confusing complaint on March 4, 2019. Because Mr.  
8 Valvoda was proceeding *pro se*, the Court accepted his filing. Defense counsel filed a motion  
9 for a more definite statement which the Court granted. The Court's previous orders and the  
10 Defendants' filings have detailed the extensive efforts undertaken to have Mr. Valvoda  
11 meaningfully participate in this litigation. The Court has imposed monetary sanctions twice and  
12 in its last order imposing sanctions in July, the Court specified that "[i]f Mr. Valvoda does not  
13 meaningfully participate in this case and fulfill his obligations under the Civil Rules of  
14 Procedure, the Court will impose additional sanctions which can include dismissal of his  
15 claims." Despite the above, Mr. Valvoda continues to fail to comply with the outstanding  
16 discovery requests and related court orders.<sup>1</sup> For these reasons, the Court concludes that Mr.  
17 Valvoda's failure to comply is willful.

18  
19  
20 **2. Prejudice to the Defendants:**

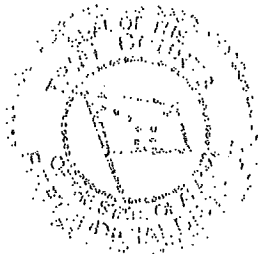
21 Mr. Valvoda's complaint and his amended complaint are confusing as to the relief that Mr.  
22 Valvoda requests and the basis for the relief requested. His repeated failure to comply with  
23 discovery unfairly prejudices the defendants' ability to prepare a defense.  
24  
25  
26

27  
28 <sup>1</sup> The current motion was ripe in late August, but the Court delayed ruling on the pending  
motion in the hope that Mr. Valvoda would use the time to comply with existing orders. He has  
not.

3. Dismissal is Sufficiently Related to the Violation:

Mr. Valvoda's willful failures to meaningfully participate in preparing this case for trial have resulted in substantial and unfair prejudice to the defendants. The Court has ordered Mr. Valvoda to comply and when he has not, the Court has twice sanctioned him. In the Court's last order, Mr. Valvoda was warned that continued failure to comply could result in dismissal. This case has been pending for a year and a half and the defense has expended considerable time and effort to move this case along. Because of Mr. Valvoda's refusal to comply with his obligations under the Civil Rules and Court orders, this case has not progressed and it is clear that it will not likely progress. As a result, the defense is entitled to have this litigation end.

THEREFORE, IT IS ORDERED that the defendants' motion to dismiss is **granted**.



Entered this 8<sup>th</sup> day of October, 2020

Kevin G. Miller  
Kevin G. Miller  
Superior Court Judge, pro-tem

I certify that on 10/8/2020  
a copy of this document was provided to:

<input checked="" type="checkbox"/> Plaintiff(s)/Atty:	via <input type="checkbox"/> email <input type="checkbox"/> Court Tray <input checked="" type="checkbox"/> Mail <input type="checkbox"/> Other: _____
<input checked="" type="checkbox"/> Defendant(s)/Atty:	via <input checked="" type="checkbox"/> email <input type="checkbox"/> Court Tray <input type="checkbox"/> Mail <input type="checkbox"/> Other: _____
<input type="checkbox"/> Other: _____	via <input type="checkbox"/> email <input type="checkbox"/> Court Tray <input type="checkbox"/> Mail <input type="checkbox"/> Other: _____

Clerk: (Signature)