

KODIAK CITY COUNCIL

WORK SESSION AGENDA

Tuesday, June 25, 2013

Kodiak Island Borough Conference Room

7:30 p.m.

Work sessions are informal meetings of the City Council where Councilmembers review the upcoming regular meeting agenda packet and seek or receive information from staff. Although additional items not listed on the work session agenda are sometimes discussed when introduced by the Mayor, Council, or staff, no formal action is taken at work sessions and items that require formal Council action are placed on a regular Council meeting agenda. Public comments at work sessions are NOT considered part of the official record. Public comments intended for the "official record" should be made at a regular City Council meeting.

Discussion Items

- 1. Public Comments (limited to 3 minutes)
- 2. Downtown Revitalization1
- 3. Kodiak Fisheries Development Association Legal Representation.....7
- 4. June 27, 2013, Agenda Packet Review

To Be Scheduled

- 1. July and August Meeting Schedules

**Fiscal Year
Tourism Contributions**

	Budget 2012	% 2012	Budget 2013	% 2013	Budget 2014	% 2014
Total Bed Tax Revenue	\$ 142,860.00	\$ 142,857.14	\$ 142,860.00	\$ 142,857.14	\$ 142,860.00	\$ 142,857.14
70% or less to Council approved Tourism	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00
20% or more to Enhancement Projects	\$ 16,000.00	\$ 28,571.43	\$ 16,000.00	\$ 28,571.43	\$ 16,000.00	\$ 28,571.43
Beautification Project	\$ 6,000.00		\$ 6,000.00		\$ 6,000.00	
Chamber of Commerce Whale Fest	\$ 6,570.00		\$ 6,570.00		\$ 6,570.00	
Public Works Services	\$ 28,570.00		\$ 28,570.00		\$ 28,570.00	
10% Admin	\$ 14,290.00	\$ 14,285.71	\$ 14,290.00	\$ 14,285.71	\$ 14,290.00	\$ 14,285.71
Contingency	\$ -		\$ -		\$ -	
Total	\$ 142,860.00		\$ 142,860.00		\$ 142,860.00	
Parks & Rec Beautification	\$ 16,000.00		\$ 16,000.00		\$ 16,000.00	
General Fund Tourism Fund	\$ 36,860.00		\$ 36,860.00		\$ 36,860.00	



Balance Sheet

Through 06/30/13

Detail Listing

Include Rollup Account/Rollup to Account

Account	Account Description	Current YTD Balance	Prior Year Total Actual	Net Change	Change %
Fund Category	Governmental Funds				
Fund Type	Special Revenue Funds				
Fund	251 - Tourism Development				
	ASSETS				
101	Cash In Bank				
101.100	Cash In Bank	250,528.18	190,562.79	59,965.39	31.47%
	101 - Cash In Bank Totals	\$250,528.18	\$190,562.79	\$59,965.39	31.47%
105	Adjust to Invest-FMV				
105.110	Adjust to Invest-FMV	(221.88)	(24.19)	(197.69)	(817.24)
	105 - Adjust to Invest-FMV Totals	(\$221.88)	(\$24.19)	(\$197.69)	(817.24%)
115	Accounts Receivable				
115.100	Accounts Receivable	.00	46,319.37	(46,319.37)	(100.00)
	115 - Accounts Receivable Totals	\$0.00	\$46,319.37	(\$46,319.37)	(100.00%)
	ASSETS TOTALS	\$250,306.30	\$236,857.97	\$13,448.33	5.68%
253	FUND EQUITY Committed				
253.110	Committed	236,857.97	236,857.97	.00	.00%
	253 - Committed Totals	\$236,857.97	\$236,857.97	\$0.00	0.00%
	FUND EQUITY TOTALS Prior to Current Year Changes	\$236,857.97	\$236,857.97	\$0.00	0.00%
	Prior Year Fund Equity Adjustment	.00			
	Fund Revenues	(146,308.33)			
	Fund Expenses	132,860.00			
	FUND EQUITY TOTALS	\$250,306.30	\$236,857.97	\$13,448.33	5.68%
	LIABILITIES AND FUND EQUITY TOTALS	\$250,306.30	\$236,857.97	\$13,448.33	5.68%
	Fund 251 - Tourism Development Totals	\$0.00	\$0.00	\$0.00	+++
	Fund Type Special Revenue Funds Totals	\$0.00	\$0.00	\$0.00	+++
	Fund Category Governmental Funds Totals	\$0.00	\$0.00	\$0.00	+++
	Grand Totals	\$0.00	\$0.00	\$0.00	+++

Budget Worksheet Report

Account Number	Description	2009 Actual Amount	2010 Actual Amount	2011 Actual Amount	2012 Actual Amount	2013 Actual Amount	2014 City Council Approved
Fund	251	Tourism Development					
Revenue							
Department	001	Revenues					
Taxes							
310.300	Hotel/Motel Tax	\$168,267.24	\$153,845.49	\$155,409.76	\$171,563.79	\$145,753.98	\$142,260.00
310.900	Penalty & Interest	\$98.72	\$299.03	\$102.85	\$1,420.71	\$269.27	\$0.00
<u>Total Taxes</u>		\$168,365.96	\$154,144.52	\$155,512.61	\$172,984.50	\$146,023.25	\$142,260.00
<u>Interest</u>							
360.100	Interest on Investments	\$1,938.26	\$724.27	\$625.90	\$110.69	\$482.77	\$600.00
360.110	Unrealized Gain/Loss Inv	\$110.98	(\$320.70)	\$56.15	(\$70.67)	(\$197.69)	\$0.00
<u>Total Interest</u>		\$2,049.24	\$403.57	\$682.05	\$40.02	\$285.08	\$600.00
<u>Appropriation From Fund Balance</u>							
385.100	Appropriation - Fund Bal	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<u>Total Appropriation From Fund Balance</u>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Department Total: Revenues		\$170,415.20	\$154,548.09	\$156,194.66	\$173,024.52	\$146,308.33	\$142,860.00

Budget Worksheet Report

Account Number	Description	2009 Actual Amount	2010 Actual Amount	2011 Actual Amount	2012 Actual Amount	2013 Actual Amount	2014 City Council Approved
Fund	251	Tourism Development					
Revenue Totals		\$170,415.20	\$154,548.09	\$156,194.66	\$173,024.52	\$146,308.33	\$142,860.00
Expenses							
Department	260	Tourism					
Sub-Department	100	Administration					
Contributions							
440.360	Chamber of Commerce	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00	\$6,000.00
440.380	KICVB	\$93,576.60	\$85,000.00	\$90,000.00	\$100,000.00	\$90,000.00	\$90,000.00
Total: Contributions		\$99,576.60	\$91,000.00	\$96,000.00	\$106,000.00	\$96,000.00	\$96,000.00
Interfund Charges							
480.210	Administrative Services	\$12,150.00	\$12,150.00	\$12,150.00	\$14,290.00	\$14,290.00	\$14,290.00
480.225	Public Works Services	\$2,350.00	\$2,350.00	\$2,350.00	\$6,570.00	\$6,570.00	\$6,570.00
480.240	Beautification Program	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00	\$16,000.00
Total: Interfund Charges		\$30,500.00	\$30,500.00	\$30,500.00	\$36,860.00	\$36,860.00	\$36,860.00
Contingency							
485.100	Contingency	\$600.00	\$600.00	\$600.00	\$0.00	\$0.00	\$10,000.00
Total: Contingency		\$600.00	\$600.00	\$600.00	\$0.00	\$0.00	\$10,000.00
Sub-Department Total: Administration		\$130,676.60	\$122,100.00	\$127,100.00	\$142,860.00	\$132,860.00	\$142,860.00
Department Total: Tourism		\$130,676.60	\$122,100.00	\$127,100.00	\$142,860.00	\$132,860.00	\$142,860.00

Budget Worksheet Report

Account Number	Description	2009 Actual Amount	2010 Actual Amount	2011 Actual Amount	2012 Actual Amount	2013 Actual Amount	2014 City Council Approved
Fund	251						
	Tourism Development						
Department	999						
	Other Gain (Loss)						
Sub-Department	999						
	Other Gain (Loss)						
	Other Gain (Loss)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
999.999	Other Gain (Loss)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Total: Other Gain (Loss)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Sub-Department Total: Other Gain (Loss)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Department Total: Other Gain (Loss)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

SUB-DEPT FOR AUDIT ADJUSTMENTS

Budget Worksheet Report

Account Number	Description	2009 Actual Amount	2010 Actual Amount	2011 Actual Amount	2012 Actual Amount	2013 Actual Amount	2014 City Council Approved
Revenue Totals:		\$170,415.20	\$154,548.09	\$156,194.66	\$173,024.52	\$146,308.33	\$142,860.00
Expense Totals		\$130,676.60	\$122,100.00	\$127,100.00	\$142,860.00	\$132,860.00	\$142,860.00
Fund Total: Tourism Development		\$39,738.60	\$32,448.09	\$29,094.66	\$30,164.52	\$13,448.33	\$0.00
Revenue Grand Totals:		\$170,415.20	\$154,548.09	\$156,194.66	\$173,024.52	\$146,308.33	\$142,860.00
Expense Grand Totals:		\$130,676.60	\$122,100.00	\$127,100.00	\$142,860.00	\$132,860.00	\$142,860.00
Net Grand Totals:		\$39,738.60	\$32,448.09	\$29,094.66	\$30,164.52	\$13,448.33	\$0.00

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Marlar, Debra

From: Joe Sullivan [joe@sullivanrichards.com]
Sent: Monday, June 10, 2013 2:52 PM
To: jbongen; jstephan@ptialaska.net; stosh_a@hotmail.com; Linda Freed; mwoodruff62@yahoo.com; tmschmeil@gmail.com; tbonney@npsi.us
Cc: Kniazowski, Aimee; Nicolas, Nenita; Munk, Mary; Marlar, Debra; 'Bud Cassidy'; njavier@kodiakak.us; Andrew Richards; Nettie Cornwell; Bobbie Garthwaite
Subject: Kodiak Fisheries Development Association - Legal Representation
Importance: High
ERMS Folder: City Records\01 City Clerk\0100 Clerk--General\2013 Correspondence\201301-06 Correspondence\
ERMS Time: 6/10/2013 2:56:00 PM

Hi Folks,

I am writing to follow up on previous correspondence regarding KFDA's legal representation. On reviewing our records, it appears the last we heard on the topic was Linda Freed's email of March 10. Linda stated her belief that the KFDA Board has the authority to decide whether to retain Sullivan & Richards, but for the sake of good order, she suggested KFDA consult with the City Council and Borough Assembly before doing so. I don't see any further communications on the topic in our records. Therefore, it is our understanding that neither KFDA nor the City of Kodiak (through whom Mundt MacGregor represented KFDA) are clients of Sullivan & Richards.

Since I last wrote to you about the representation issue, we have had a major related development. Nettie Cornwell, who was heavily involved in several aspects of Mundt MacGregor's representation of KFDA, has informed us that she plans to cease working as a paralegal as of the end of 2013. Given the significance of her role in KFDA matters, Andrew and I have decided that it would be better for both KFDA and our firm if KFDA found a new law firm to represent it going forward. We are therefore withdrawing our offer to represent KFDA, and encouraging KFDA to obtain alternative legal counsel as soon as possible.

If you would like suggestions concerning firms or lawyers who could potentially represent KFDA, I am happy to provide them. Also, we are happy to work with whomever you choose to facilitate an orderly transition.

Please note that we are entering a time of year during which KFDA has a couple of important benchmark dates. **The Crab PQS Lease with Ocean Beauty provides both parties with an annual opportunity to terminate the lease by providing notice to that effect between June 30 and July 20. The annual individual processor quota (IPQ) application deadline is July 31, 2013. (Note – there is a regulatory amendment underway which would move the IPQ application deadline to an earlier date. It is expected to be in effect next year).**

One of the functions Nettie has performed for KFDA is handling requests to "match" its IPQ. It is not legal work per se, and KFDA may wish to consider splitting that function off and retaining someone else to handle it. Nettie and I are happy to discuss the type and amount of work involved, if that would help the Board make a decision in that regard.

I deeply enjoyed working with you all while Mundt MacGregor was representing you, and I will miss the opportunity to stay in touch that representation provided.

Best, Joe



KODIAK ISLAND BOROUGH / CITY OF KODIAK

KODIAK FISHERIES DEVELOPMENT ASSOCIATION
BOARD OF DIRECTORS 2011



NAME	TERM	PHONE	EMAIL
CITY APPOINTEES			
Crab Processors Representative Mike Woodruff	7/2013	486-8100	mwoodruff62@yahoo.com
Crab Harvester Representative Jeff Stephan	7/2014	486-4568	jstephan@ptialaska.net
JOINT APPOINTEES			
Stosh Anderson	7/2013	486-3673	stosh_a@hotmail.com
Linda Freed	7/2014	486-5314	freed@gci.net
Albert Tyler Schmeil	7/2014	486-8587	tmschmeil@gci.net
BOROUGH APPOINTEES			
Crab Processors Representative Tuck Bonney	7/2015	486-3329	tbonney@npsi.us
Crab Harvester Representative Jerry Bongen	7/2015	486-6245	jbongen@mac.com

Resolution No. FY2008-04 states: "Directors shall be appointed by joint resolution of the Borough Assembly and City Council. Appointments shall take place annually, at July meetings of the Borough Assembly and City Council. Directors shall have staggered three (3) year terms of office, assigned by a random selection method at the first Board meeting, such that as close as possible to one third (1/3) of the Board is up for appointment each year. Directors shall serve until their successors are appointed and qualified."

STAFF:

CITY MANAGER, AIMEE KNIAZIOWSKI 486-8640 akniazowski@city.kodiak.ak.us

OFFICE OF THE CITY MANAGER
710 MILL BAY ROAD, ROOM 219
KODIAK, AK 99615

**CITY OF KODIAK
RESOLUTION NUMBER 05-7**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK DESIGNATING
THE “KODIAK FISHERIES DEVELOPMENT ASSOCIATION” AS KODIAK’S
“ELIGIBLE CRAB COMMUNITY ENTITY” IN CONNECTION WITH THE BERING
SEA/ALEUTIAN ISLANDS CRAB RATIONALIZATION PROGRAM**

WHEREAS, the North Pacific Fishery Management Council has adopted the Bering Sea/Aleutian Islands crab rationalization program (the Program) as Amendments 18 and 19 to the Fishery Management Plan for Bering Sea/Aleutian Islands King and Tanner Crabs; and

WHEREAS, Congress amended the Magnuson-Stevens Fishery Conservation and Management Act to require the Secretary of Commerce to approve and implement the Program; and

WHEREAS, the National Marine Fisheries Service issued a Final Rule implementing the Program on March 2, 2005, that takes effect on April 1, 2005; and

WHEREAS, under the Program, Kodiak is designated an “eligible crab community” (ECC), and in connection with such designation, the City of Kodiak and the Kodiak Island Borough have the authority to jointly exercise certain rights of first refusal (ROFR) with respect to processor quota shares (PQS) allocated to entities in Kodiak and certain communities in the Northern Gulf of Alaska, upon a proposed transfer of such PQS for use in processing outside of the community within which it is initially allocated; and

WHEREAS, to exercise their ECC ROFR, the City of Kodiak and the Kodiak Island Borough must jointly designate an entity (ECCE) having the authority to do so on their behalf at least thirty (30) days prior to the ending date of the initial application period for crab quota shares under the Program; and

WHEREAS, the Council of the City of Kodiak has determined that it is in the City’s best interests to designate an entity having the authority to exercise Kodiak’s ROFR.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the Kodiak Fisheries Development Association (the Association) is hereby designated as Kodiak’s ECCE, to represent the City of Kodiak in connection with exercise of Kodiak’s ROFR under the Program.

BE IT FURTHER RESOLVED THAT the Articles of Incorporation and Bylaws of the Association are hereby approved, and that the incorporators of the Association identified in the attached Articles of Incorporation are hereby authorized to incorporate the Association under the laws of the State of Alaska, and to take such actions as may be necessary or convenient to cause the Association to be qualified by the National Marine Fisheries Service as the Kodiak’s ECCE.

CITY OF KODIAK

Carolyn Floyd
MAYOR

ATTEST:

Delma Maulen
CITY CLERK

Adopted: March 24, 2005



State of Alaska
Department of Commerce, Community, and
Economic Development
Corporations, Business and Professional Licensing

CERTIFICATE
OF
INCORPORATION
Nonprofit Corporation

THE UNDERSIGNED, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, hereby certifies that Articles of Incorporation duly signed and verified pursuant to the provisions of Alaska Statutes has been received in this office and have been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

Kodiak Fisheries Development Association

and attaches hereto the original copy of the Articles of Incorporations for such certificate.



IN TESTIMONY WHEREOF, I execute this certificate and affix the Great Seal of the State of Alaska on **April 11, 2005**.

Edgar Blatchford
Edgar Blatchford
Commissioner

ARTICLES OF INCORPORATION

OF

KODIAK FISHERIES DEVELOPMENT ASSOCIATION

The undersigned incorporators hereby adopt the following Articles of Incorporation:

ARTICLE I

The name of the corporation is Kodiak Fisheries Development Association (the "Corporation").

ARTICLE II

The Corporation shall have perpetual duration.

ARTICLE III

The Corporation is organized exclusively to promote the social welfare of the City of Kodiak and the Kodiak Island Borough (together, the "Kodiak Community"), consistent with Section 501(c)(4) of the Internal Revenue Code of the United States (as the same may be amended, supplemented, or replaced from time to time, the "Internal Revenue Code"). Subject to the foregoing, the specific purposes for which the Corporation is organized are as follows:

A. To act as an Eligible Crab Community Entity ("ECCE") on behalf of the Kodiak Community for purposes of exercising rights of first refusal in connection with proposed transfers of processor quota shares and individual processor quota, pursuant to the Bering Sea/ Aleutian Island crab rationalization program regulations set forth at 50 C.F.R. part 680, as the same may be amended from time to time (the Regulations);

B. Subject to the Council of the City of Kodiak and the Kodiak Island Borough Assembly specifically authorizing it to do so, to act as an Eligible Crab Community Organization ("ECCO") for the Kodiak Community for

State of Alaska
Domestic Corporation Formation 6 Page(s)



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purposes of holding crab rationalization quota shares on behalf of the Kodiak Community and making the resulting individual fishing quota available to residents of the Kodiak Community; and

C. In general, to exercise those powers set forth in AS 10.20.005, *et seq.*, as now enacted or as may hereafter be amended, and to exercise such other powers that now are or hereafter may be conferred by law upon a corporation organized for the purposes set forth herein or that are necessary or incidental to the powers so conferred, subject only to such limitations that are or may be prescribed by state or federal law, any resolution of the Council of the City of Kodiak or the Kodiak Island Borough Assembly, these Articles of Incorporation, and the Corporation's Bylaws, including without limitation the limitations placed on organizations exempt from taxation under Section 501(c)(4) of the Internal Revenue Code.

ARTICLE IV

Provisions for regulating the affairs of the Corporation, including provisions for distribution of assets on final liquidation, are as follows:

A. The Corporation shall not engage in any transactions or activities prohibited by the applicable sections of Subchapter F of Chapter 1 of the Internal Revenue Code, or of the Alaska Nonprofit Corporation Act, as they are now in effect or may be afterwards amended, supplemented, or replaced.

B. No more than an unsubstantial part of the Corporation's activities shall consist of unrelated trade or business as defined in Section 513 of the Internal Revenue Code.

C. No part of the net earnings of the Corporation shall inure to the benefit of any private individual, or any officer, director, employee, or agent of the Corporation or substantial contribution to it, except as reasonable compensation for services actually rendered to the Corporation.

D. No loan shall be made by the Corporation to any director or officer of the Corporation.

E. The Corporation shall not directly or indirectly participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office, ballot initiative, or other voter resolution, nor shall any substantial part of its activities consist of attempting to influence legislation by propaganda or otherwise.

F. The Corporation shall be dissolved in accordance with the relevant provisions of the Alaska Nonprofit Corporation Act, AS 10.20.290 *et seq.* Upon dissolution of the Corporation, its assets shall be distributed to organizations whose purposes and activities are substantially the same as those of the Corporation for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code, or shall be distributed to the federal government or to a state or local government, for a similar public purpose. Any such assets not so disposed of by the Corporation in the course of winding up its affairs shall be disposed of by a court of competent jurisdiction in the judicial district in which the principal office of the Corporation is then located, exclusively for such exempt purposes or to such organization or organizations as said court shall determine are organized and operated exclusively for such exempt purposes.

G. The Corporation shall have no members.

H. The management of the Corporation is hereby vested in its Board of Directors. The number of directors, their terms, and their qualifications shall be as specified in the Bylaws of the Corporation.

ARTICLE V

LIMITATION OF LIABILITY

A director of the Corporation shall not be personally liable to the Corporation for monetary damages for conduct as a director, except for:

- A. Any breach of the director's duty of loyalty to the Corporation;
- B. Acts or omissions involving intentional misconduct by the director or a knowing violation of law by the director; or
- C. Any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled.

If the Alaska Nonprofit Corporation Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Alaska Nonprofit Corporation Act, as so amended. Any repeal or modification of the foregoing paragraph by the Corporation shall not adversely affect any right or protection of a director of the

Corporation with respect to any rights or omissions of such director occurring prior to such repeal or modification.

ARTICLE VI
REGISTERED AGENT

The name of the initial registered agent and the address of the initial registered office of the Corporation are:

National Registered Agents, Inc.
801 West 10th Street, Suite 300
Juneau, Alaska 99801

ARTICLE VII
INITIAL DIRECTORS

The Corporation's initial Board of Directors shall consist of three (3) persons who shall serve until their successors are elected and qualify. The names and addresses of the initial directors are:

Name: Ms. Linda Freed, City of Kodiak
Address: 710 Mill Bay Road
Kodiak Alaska 99615

Name: Mr. Jerome Selby, Kodiak Island Borough
Address: 710 Mill Bay Road
Kodiak Alaska 99615

Name: Mr. Joseph Sullivan
Address: 326 Center Street, Suite 211
Kodiak Alaska 99615

ARTICLE VIII
INCORPORATORS

The names and addresses of the incorporators of the Corporation
are:

Name: Ms. Linda Freed, CITY OF KODIAK
Address: 710 Mill Bay Road
Kodiak, AK 99615

Name: Mr. Jerome Selby
Address: At Selby, KODIAK ISLAND BOROUGH
HOMER ROAD
KODIAK, AK 99615

Name: Mr. Joseph Sullivan
Address: 326 Center Street, Suite 211
Kodiak Alaska 99615

EXECUTED this 5 day of ^{April} ~~March~~, 2005.

Linda Freed, Incorporator

Jerome Selby, Incorporator

Joseph M. Sullivan, Incorporator

Kodiak Fisheries Development Association

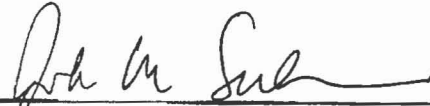
Statement of NAICS Code

The undersigned incorporator of the Kodiak Fisheries Development Association hereby states that the following North American Industry Classification System Code:

9261

most closely describes the activities in which the Kodiak Fisheries Development Association will initially engage.

DATED: April 8, 2005.



Joseph M. Sullivan, Incorporator

BYLAWS
OF
KODIAK FISHERIES DEVELOPMENT ASSOCIATION

ARTICLE I – NAME

The name of the organization shall be Kodiak Fisheries Development Association (the “Corporation”).

ARTICLE II – PURPOSE

The Corporation is organized exclusively to promote the social welfare of the City of Kodiak and the Kodiak Island Borough (together, the “Kodiak Community”), consistent with Section 501(c)(4) of the Internal Revenue Code of the United States (as the same may be amended, supplemented, or replaced from time to time, the “Internal Revenue Code”). Subject to the foregoing, the specific purposes for which the Corporation is organized are as follows:

A. To act as an Eligible Crab Community Entity (“ECCE”) on behalf of the Kodiak Community for purposes of exercising rights of first refusal in connection with proposed transfers of processor quota shares (“PQS”) and individual processor quota (“IPQ”), pursuant to the Bering Sea/Aleutian Island (“BS/AI”) crab rationalization program regulations set forth at 50 C.F.R. part 680, as the same may be amended from time to time (the Regulations”);

B. If the Council of the City of Kodiak (the “City Council”) and the Kodiak Island Borough Assembly (the “Borough Assembly”) authorize it to do so, to act as an Eligible Crab Community Organization (“ECCO”) for the Kodiak Community for purposes of holding crab rationalization quota shares (“QS”) on behalf of the Kodiak Community and making the resulting individual fishing quota (“IFQ”) available to residents of the Kodiak Community; and

C. In general, to exercise those powers set forth in AS 10.20.005, *et seq.*, as now enacted or as may hereafter be amended, and to exercise such other powers that now are or hereafter may be conferred by law upon a corporation organized for the purposes set forth herein or that are necessary or incidental to the powers so conferred, subject only to such limitations that are or may be prescribed by state or federal law, any resolution of the City Council or the Borough Assembly, these Articles of Incorporation, and the Corporation’s

Bylaws, including without limitation the limitations placed on organizations exempt from taxation under Section 501(c)(4) of the Internal Revenue Code.

ARTICLE III – MEMBERSHIP

The Corporation shall have no members.

ARTICLE IV – BOARD OF DIRECTORS

Section 1. Functions and Powers. The initial Board of Directors (the “Initial Board”) shall have the authority to adopt the Corporation’s initial Bylaws, elect its initial officers, take whatever steps may be appropriate to qualify it as an ECCE with the National Marine Fisheries Service (“NMFS”) pursuant to the Regulations, execute right of first refusal contracts between the Corporation and PQS holders as required under the regulations, and file affidavits of execution with NMFS. All other authority to act as a board of directors for the Corporation shall be reserved to the Board of Directors appointed pursuant to Article IV, Section 3, below (the “Board of Directors” or the “Board”), provided that the authority of the Board of Directors to manage the affairs of the Corporation; determine its policies within the limits of the Articles of Incorporation and these Bylaws; collect, administer, and disburse the Corporation’s funds; approve projects; and otherwise actively pursue and promote the purposes of the Corporation, shall in all cases be subject to such limits as may be jointly imposed from time to time by the City Council and the Borough Assembly. The salaries, if any, of all employees of the Corporation shall be determined by or under the direction of the City Council and the Borough Assembly. The budget and funding of the Corporation shall be as jointly approved by the City Council and Borough Assembly from time to time.

Section 2. Number. The number of directors serving on the Initial Board shall be three (3). The number of Directors serving on the Board of Directors shall be seven (7). The Initial Directors shall be named by the incorporators and shall remain in office until their successors are designated and qualified in accordance with Article IV, Section 3, below.

Section 3. Composition and Voting Rights. The Board of Directors of the Corporation shall be appointed by the City Council and the Borough Assembly, as follows:

- A. Two (2) directors shall be appointed by the City Council;
- B. Two (2) directors shall be appointed by the Borough Assembly; and

C. Three (3) directors shall be jointly appointed by the City Council and the Borough Assembly.

At least two (2) directors shall represent the interests of Kodiak Community BS/AI crab harvesters, and at least two (2) directors shall represent the interests of Kodiak Community BS/AI crab processors. Except as otherwise provided in the Corporation's Articles of Incorporation or these Bylaws, approval by a four-sevenths (4/7) vote of all directors is required for all Board action.

Section 4. Appointment and Terms of Office. Directors shall be appointed by joint resolution of the City Council and the Borough Assembly. Appointments shall be made annually, at July meetings of the City Council and Borough Assembly. Directors shall have staggered three (3) year terms of office, assigned by a random selection method at the first Board meeting, such that as close as possible to one third (1/3) of the Board is up for appointment each year. Directors shall serve until their successors are appointed and qualified.

Section 5. Meetings. Meetings of the Corporation's Board of Directors shall be held at times and places designated by the Board. Special meetings of the Board may be called by a majority of the Board or by the President. Participation in a Board meeting by means of a telecommunications device that allows all parties to hear each other at the same time shall be the equivalent of presence in person at a meeting.

Section 6. Public Participation at Meetings. Members of the public shall be permitted to attend and shall be given an opportunity to be heard at all meetings of the Corporation's Board of Directors; provided that the Board may from time to time enter closed executive session as permissible under Alaska statutes.

Section 7. Notice of Meetings. Notice of each meeting describing the matters to come before the Board at that meeting shall be given in writing to each director by mail, facsimile, or electronic mail transmission, not less than three (3) days prior to the meeting. In addition, reasonable public notice of any meeting of the Corporation's directors, which notice shall include the meeting's date, time, and place, shall be given at least three (3) days in advance of the meeting, in accordance with A.S. 44.62.310(e).

Section 8. Waiver of Notice. A director may waive any notice required to be given by signing a written waiver either before or after the meeting. A director may not waive the failure to give public notice per A.S. 44.62.310(e).

Section 9. Presumption of Assent: A director who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless:

A. The director objects at the beginning of the meeting, or promptly upon the director's arrival, to holding the meeting or transacting business at the meeting;

B. The director's dissent or abstention from the action taken is entered in the minutes of the meeting; or

C. The director files a written dissent or abstention with the presiding officer of the meeting before its adjournment or with the Corporation within a reasonable time after adjournment of the meeting.

The right of dissent or abstention is not available to a director who votes in favor of the action taken.

Section 10. Quorum. Presence of five-sevenths (5/7) of the directors shall constitute a quorum for the transaction of business at all meetings.

Section 11. Action Without a Meeting. The Corporation's Board of Directors may not take action without a meeting.

Section 12. Removal. A director may be removed from the Board of Directors at the discretion of the entity or entities that appointed such director. A director may also be removed by the Board if he or she is absent from three (3) consecutive Board meetings without being excused by a majority of the other directors.

Section 13. Remuneration. No salary or other remuneration shall be paid to directors unless approved in advance by joint resolution of the City Council and the Borough Assembly.

ARTICLE V – COMMITTEES

Section 1. Designation. The Board of Directors may appoint committees to assist and advise the Board with those functions, powers, duties, and tenure as the Board deems appropriate. Each committee shall consist of at least two (2) directors and such other persons as the Board may designate who need not be members of the Board of Directors.

Section 2. Limitation of Committee Powers. Committees shall exercise advisory authority only, and any committee recommendation shall require subsequent action by the Board of Directors before binding the Corporation.

ARTICLE VI – OFFICERS AND EXECUTIVE DIRECTOR

Section 1. Number and Title. The officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Secretary and the Treasurer may be, but need not be, members of the Board.

Section 2. Election. Officers shall be elected annually, at the first meeting following appointment of the Board. The Initial Directors may elect interim officers, who shall hold office only until the Board of Directors is appointed.

Section 3. Term. Officers other than those elected by the Initial Board shall hold office for one (1) year terms, and all officers shall serve until their respective successors are elected and qualified.

Section 4. Resignation. Any officer of the Corporation may resign at any time by giving written notice to the Board of Directors, or to any other officer of the Corporation. Any such resignation is effective when the notice is delivered, unless the notice specifies a later date, and shall be without prejudice to the contract rights, if any, of such officer.

Section 5. Removal. The Board of Directors may remove any officer elected by it, with or without cause. The removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 6. Vacancies. If the office of any officer becomes vacant by any reason, the directors may appoint a successor who shall hold office for the unexpired term.

Section 7. Remuneration. No salary or other remuneration shall be paid to an officer or employee of the Corporation unless approved in advance by the City Council and the Borough Assembly.

Section 8. Executive Director. The City Council and Borough Assembly may authorize the Corporation to retain an Executive Director, who shall be responsible for the administration and management of the Corporation. If the City Council and Borough Assembly authorize an Executive Director, the

Executive Director shall be appointed and may be removed as the City Council and Borough Assembly direct

ARTICLE VII – DUTIES OF OFFICERS

Section 1. President. The President shall preside at all meetings of the Board of Directors..

Section 2. Vice President. The Vice President shall, in the absence or disability of the President, perform the duties of the President.

Section 3. Secretary. The Secretary shall supervise the keeping of the minutes of all meetings of the Board of Directors of the Corporation. The Secretary shall have charge of such books and papers as the Board of Directors may direct, including without limitation those records specified in Article VIII, below, which shall, at all reasonable times, be open to the examination of any director upon reasonable notice to the Secretary. The Secretary shall arrange to provide proper notice of all meetings of the Board of Directors.

Section 4. Treasurer. The Treasurer shall supervise the keeping of full and accurate accounts of receipts and disbursements in books belonging to the Corporation.

Section 5. Contract Rights. The appointment of an officer does not of itself create any contract rights in favor of the officer.

ARTICLE VIII – BOOKS AND RECORDS

Section 1. Books of Accounts and Minutes. The Corporation:

A. Shall keep as permanent records minutes of all meetings of its Board of Directors and a record of all recommendations of any committee(s) of the Board of Directors;

B. Shall maintain appropriate accounting records;

C. Shall keep a copy of the following records at its principal office:

1. The Articles or Restated Articles of Incorporation and all amendments to them currently in effect;

2. The Bylaws or Restated Bylaws and all amendments to them currently in effect;

3. Its financial statements for the past three (3) years, including balance sheets showing in reasonable detail the financial condition of the Corporation as of the close of each fiscal year, and an income statement showing the results of its operations during each fiscal year prepared on the basis of generally accepted accounting principles or, if not, prepared on a basis explained therein;

4. A list of the names and business addresses of its current directors and officers;

5. Its most recent biennial report delivered to the State of Alaska;

6. Its Application to become an ECCE, and all supporting documents, including but not limited to all right of first refusal contracts with PQS and/or IPQ holders;

7. Records related to every right of first refusal offered to the Corporation, its response to the same, and all related documents; and

8. All reports the Corporation may submit to the National Marine Fisheries Service or the State of Alaska.

Section 2. Copies of Resolutions. Any person dealing with the Corporation may rely upon a copy of any of the records of the proceedings, resolutions, or votes of the Board of Directors or shareholders, when certified by the President or Secretary.

ARTICLE IX – MISCELLANEOUS PROVISIONS

Section 1. Checks and Notes. All financial instruments of the Corporation shall be signed by the officer or officers designated by the Board of Directors.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be from January 1 through December 31.

Section 3. Deposits. All funds of the Corporation not otherwise employed shall be deposited in interest-bearing accounts selected by the Treasurer and approved by a majority of the directors.

Section 4. Acceptance of Gifts, Donations, etc. No gift, donation, bequest, or subscription to the Corporation shall be deemed to have been accepted until acted upon affirmatively by the Board of Directors.

Section 5. Conflict of Interest. A director may be present during and participate in discussion and action regarding any Corporation transaction with respect to which a director has a direct or indirect material financial interest if and only if: (a) the director discloses the material facts of his or her financial interest; (b) the Board authorizes the conflicting interest transaction by a vote sufficient to meet the Board action requirements of these Bylaws, without counting any interested director's vote; and (c) the Board can demonstrate by clear and compelling evidence that the transaction is reasonable and fair to the Corporation at the time it is authorized, approved, or ratified. If any of the foregoing conditions are not satisfied with respect to any transaction involving the Corporation in connection with which a director has a direct or indirect material financial interest, such director may not be present during and may not participate in any discussion or action with respect to such transaction.

ARTICLE X – PARLIAMENTARY PROCEDURE

The most recent edition of Robert's Rules of Order shall govern questions of parliamentary procedure at all meetings of the Board of Directors, the Executive Committee, or any other committee of the Corporation.

ARTICLE XI – AMENDMENTS

These Bylaws may be amended or replaced only by a joint resolution of the City Council and Borough Assembly.

ARTICLE XII – INDEMNIFICATION, INSURANCE, AND BONDING

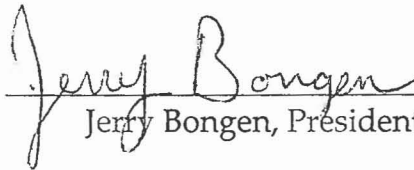
Section 1. Officers and Directors. The Corporation shall indemnify and defend all present and former directors, officers, employees, and agents of the Corporation against any expenses of any proceeding (including by or in the right of the Corporation) to which they are parties because they are or were directors, officers, employees, or agents of the Corporation, all as defined and to the fullest extent permitted by law.

Section 2. Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, other enterprise, or employee benefit plan

against any liability asserted against such person and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article.

Section 3. Bonding. The Board may require that any person authorized to sign checks for the Corporation shall furnish, at the expense of the Corporation, a fidelity bond in such sum as the Board shall prescribe.

ADOPTED by the initial Board of Directors on September 13, 2005.



Jerry Bongen, President

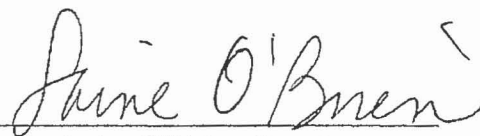
Laine O'Brien, Secretary

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ADOPTED by the initial Board of Directors on September 13, 2005.

Jerry Bongen, President

A handwritten signature in cursive script that reads "Laine O'Brien". The signature is written in dark ink and is positioned above a horizontal line.

Laine O'Brien, Secretary