

City of Coffman Cove
Special Meeting
Tuesday, April 26th, 2016
2:00PM at City Hall

Call to Order: Mayor Sharon Toman called the meeting to order at 2:04PM

Roll Call: Sharon Toman, present. Bill Bateman, present. Bryce Brucker, present. Dick Stewart, present. Brian Wilson, present. Perry Olson, present. Randy Lenz, present.

Pledge of Allegiance: yes

Public Comment: none

Persons to be heard: none

Resolutions & Ordinances: none

Unfinished Business: none

New Business:

1. **Selection of Harbor Project Electrical Contractor:** Sharon received an e-mail from Trevor Sande, he put the RFP together, he would like the bids faxed over to him so he can review them and make sure they meet all the requirements. We only received one bid. The bid was opened and e-mailed over to Trevor. We will come back to this agenda item after Trevor looks over the bid.

2. **Review and possible repeal or reversal of Resolution 12-21:** Sharon received an e-mail from our Government Specialist, Iura Leahu. He has suggested repealing this resolution, by motion, as we are not operating under with an Administrator at this time. **Perry made the motion to repeal Resolution 12-21. Bryce seconded the motion.** Discussion: Sharon read Resolution 12 21. The Resolution was passed on April 19th of 2012. Bill thought we should retain the Resolution and fill the position. He thought we will be revising our organizational chart where a City Administrator will fit in. He opposes the repeal of this Resolution. Sharon explained that we are operating, right now, under this Resolution and we do not have an Administrator, we are out of compliance. This does not mean we cannot have an Administrator in the future and write a new Resolution. **Roll call: Sharon, yes. Bill, no. Bryce, yes. Dick, yes. Brian, yes. Perry, yes. Randy, yes. Motion passes 6/1.**

Council then reviewed the Electrical bid. Alaska Heating was the only bid. Misty Fitzpatrick, Project Manager for the Drive Down Ramp, explained to the Council why there is an alternate. Council then decided to wait to hear from Trevor (via phone) before awarding the contract. We will move on to item #3 on the agenda.

3. **Coffman Cove Civic Club.** This non-profit has lost its tax exempt status, according to the IRS site, due to non-reporting: Perry said he has been trying to figure out what city entities are under a non-profit. Misty said the Coffman Cove Civic Club is separate from the Gaming enterprise. The gaming activities are associated with the our cities gaming permit. She said the Coffman Cove Civic Club was formed before we were a second class city, from what she has been told. We operated under Civic Club and this was a non-profit organization. And at that time it must have had 501C3 status with the IRS. Misty gave some examples of non-profit organizations on the Island and a little history of the Coffman Cove Civic Club. We, as a city, have not used this non-profit for anything. They had a bank account at one time, but we do not use it. Carolyn Duncan said the Civic Club was dissolved by lack of interest, they did not realize it was a legal basis for the City. It was more of a girls club. Carolyn gave some history on the club. It was not formally dissolved. Perry said he just needs to know what needs to be under a non-profit. He wants to

make sure we are legal when selling derby tickets and raffles etc. Dick thought the city had to get an ordinance passed to receive a gaming permit. Roxy said the gaming permit is separate, they found this out two years ago to make sure they (Arts and Seafood) are legal for selling tickets. Heather will have a copy of the gaming permit in the next couple days. The Civic Club is still in good standing with the State, but no longer has a 504C4 with the IRS. Our gaming permit is through the city and is not under a separate non-profit. Sharon asked if we want to take action to dissolve the Civic Club. Perry thought we should keep it active and begin using it, for example, for fireworks, festivals and derbies. Perry is against expanding city payroll for the non-profit. The question is: do we want to reinstate the 501C3? Council agreed to leave it as is, and not reinstate the 501C3 status. We will make sure we do not need the Civic Club for anything before we resolve it and we will decide later what to do. No action was taken on this agenda item.

4. **Coffman Cove Community Quota Entity. New information from NOAA:** Council received the e-mail with information from NOAA that Bryce sent out. The State has involuntarily dissolved our non-profit status as of 03 28 2015. Our halibut permits have been dispersed through our non-profit, therefore making them void. We leased 2 permits last year. The 2 businesses that had the permits issued to them last year, had received them from Misty.

Bryce had called NOAA, and received a response on how the entity can reapply for State Status and get back into the good graces of the State, and then the non-profit can start re-issuing the permits so the businesses can fish this year. Or maybe they will have to buy permits from somewhere else. Travis Hedges has paid for a permit this year. Bryce feels this money should be given back until we can get the non-profit up and running again. Randy said he had talked with Megan Fitzpatrick a while back, and she was overwhelmed with it and said she was done. Randy wanted to know if we need old paper work from the old non-profit organization to bring it current and get it reinstated. Brian had talked with Megan, she told she dissolved the non-profit last March and at that point was not in favor of giving it up. Brian thought we would have to start our own non-profit to issue permits. He (Brian) stated we can still form a non-profit, then apply to NOAA for our Community Quota Permits. This would be a way to support the fish enhancement.

Perry said we have a non-profit that was formed for these entities. It is called the Coffman Cove Community Quota Entity. It was formed to handle these permits. Perry is in favor of the City taking some direction over this non-profit, re-constituting its Board of Directors and officers. We can have a hand in it, but not control it. Perry is not in favor of forming a new non-profit. This is not Megan's non-profit, it is not a sole proprietors type of business. It's a non-profit controlled by a Board. She could stay active in it as a Director. All the money that comes from our Community Halibut Permits, four of them, (we should be able to get \$1000 each for them) could go directly to Fish Enhancement. Then after we get it straightened out, we could go for the Halibut Quota and this money could go to Fish Enhancement. We could make a lot of money for this entity.

Randy asked if this non-profit went through the City Council to endorse it. Sharon said the City did write a letter of support. Bryce said that Russ Holbrook signed paper work, as Vice Mayor at the time, to start the non-profit but did not remember it coming before the Council. Minutes would have to be read for history.

Perry read Resolution 06-24. A Resolution recognizing the Coffman Cove Community Quota Entity as a Non-Profit Organization for Economic Development in Coffman Cove, AK. Perry gave the history of the program and where we are at today. Sharon asked if this organization requires the authorization of Council in order to have or manage the permits. Perry said there are a lot of requirements for handling the entity. These include recording requirements with the National League Fisheries Service which are

yearly, if there is activity with the permits. These reports have not been filed since 2012. These reports are very specific and have guidelines.

Sharon needs to know where we, as a Council, stand to be able to re-organize. Perry said we need the by-laws and they are not available on-line. Megan should have a copy of these. These by-laws should be public information.

Sharon did talk with Megan. Megan would like to talk with NOAA before she gets any more involved.

Sharon will follow up with her on this and try to get a copy of the by-laws.

Bryce said Al Cheney is waiting for a permit; Mike Warner also came into the office in September and got a permit. Bryce would like information from Misty of this. He would like to help the businesses out in Coffman Cove, and get this straightened out. He would like some answers from everyone involved.

Perry read from the "Halibut Community Quota Entity manual on suggested organization structure of the CQE.

Perry made the motion for the Mayor to look into the CQE's, get the by-laws and to take steps to get someone from the City Council appointed to the Board of Directors and get access to all the documentation that Megan must have. Bryce seconded the motion. Discussion: Brian thought this was a good idea. We have three businesses depending on this right now. The quicker we can take care of it, the better. We need to find out if Megan wants to do something with it or not.

Sharon asked what would be involved in running a non-profit. Bill said Megan is very approachable and puts a lot of volunteer time and effort in everything she does. You can ask her.

Perry reiterated that we need to see the by-laws. The first step is getting the information and getting someone from the Council on that Board. The by-laws will tell us how that Board is constituted.

Roxy stated that Megan was overwhelmed with the paperwork for the IRS and needed help with that.

Doug Rhodes said that when we are able to sell the permits, bump up the price to \$1250 or more so it will cover the cost of a lawyer to make sure it is all done right and it is filed and you're good to go.

Brain said that Megan could not deposit the checks because of the 20 page document for the 501C3 so he agrees with Doug and thought that bumping the price up to cover the cost of a lawyer is an excellent idea.

Bryce said the fishermen have been paying \$400 a year, and for council's information, he leases his permit out for \$2,500 a year. The rule for this permit is that the charter has to originate in Coffman Cove, or end in Coffman Cove. Just one leg of the journey has to be from Coffman Cove.

Roll Call: Sharon, yes. Bill, yes. Bryce, yes. Dick, yes. Brian, yes. Perry, yes. Randy, yes. Motion passes. Sharon will send Megan an e-mail today.

Back to #1 on the agenda: Jean talked with Trevor on the phone. Trevor said that he was surprised that there was just one bid and he called a couple people in Ketchikan and asked why they did not bid. He was told that the deadline in the paper said April 28th. He had a call into Catlin Frye, the granting agency and is waiting to hear what to do. This may need to be re-advertised. He didn't know if it was a mistake from the paper or the mistake came from this office.

Perry made the motion to table the contract until the 28th to see if we get other bids. Bryce seconded the motion. Discussion: There could be a liability even if it was a mistake.

Mike Burgess said that even if it was miss-printed in the paper, the bidders would have to look at the job, on-line and the correct date was listed there.

Trevor was then contacted by phone. The plans date has the 26th as the closing date. The paper has the 28th advertised. Catlin Frye at the CDBG has asked her supervisors and they will require us to return the bid that we have. The granting agency has requested that the Harbor Project Electrical Contract be advertised for an additional 7 days. Trevor will prepare an addendum extending the bid date and any other changes, if we see any that are required. He also said that we should e-mail, directly, any

prospective bidders that may be interested in the project. He said there were three options 1) extend as the granting agency has recommended 2) not receiving bids 3) split this into two parts: one, try to request material supply and the other request for laborer only.

His recommendation is to extend the bid for seven days.

Misty has been negotiating with the granting agency about the potential audit that the city will be required to have because of the monies received from this grant. They have come to an unofficial arrangement. They would extend the deadline for the grant money to be spent too December 31st in order help cover the cost of the audit. They want the construction finished by June 30th, but they understand the strain an audit puts on a small community.

She said she had asked, if we do not get any proposals today, on the electrical, in which contractors are proposing to adhere to the schedule, (we do get proposals, but could not finish by June 30) she asked them in that case, could we take a couple extra weeks to finish up the electrical? They responded by saying, under the circumstance, yes. Misty said that his is good news in this situation.

Perry withdrew his motion to table the bid. Bryce withdrew his second.

Perry then made the motion to direct Trevor to advertise this for an additional 7 days and go forward with whatever he recommends. Brian seconded the motion. Roll Call: Sharon, yes. Bill, yes. Bryce, yes. Dick, yes. Brian, yes. Perry, yes. Randy, yes. Motion passes.

Trevor asked if he can have permission to ask the granting agency for an additional 7 days. Misty will share in negotiating the time line with the granting agency with the approval the Council.

Mike Burgess stated that he was upset about the whole situation.

The question of hiring local preference was discussed. We would want to double check that our code does not supersede the granting agency. We need to know if we are covered, legally, for hiring local preference, before opening the next set of bids. Mayor Toman will check on this. This is a proposal and not a low bid contract proposal.

Perry made the motion for our Mayor to open all proposals received by the close of the 7 business days from today, send them to Trevor for review and get his recommendation. Then Council meets the next day during a Special meeting to make a decision. Randy seconded the motion. All were in favor by verbal call.

5. **Executive session:** Concerning our Coffman Cove Halibut Permits: No executive session.

Public/ Council Comment: none

Adjourn: Randy made the motion to adjourn at 3:57. Brian seconded. All were in favor.

Passed and approved this 19th day of May, 2016

Mayor, Sharon Toman

Clerk, Jean Soderberg