

## AGENDA

FOR THE REGULAR MEETING  
OF THE CITY COUNCIL FOR THE  
CITY OF THORNE BAY, ALASKA  
TUESDAY, APRIL 7, 2026

TIME: 6:30 p.m.

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**THERE WILL BE A WORKSHOP BEGINNING AT 6:00PM**

LOCATION: IN PERSON AT CITY HALL **or** TELECONFERENCE/VIDEO CONFERENCING LINE

Phone Number: **1-650-479-3208**

Meeting link:

<https://cityofthornebay.my.webex.com/cityofthornebay.my/j.php?MTID=m99f71eee7f975b71d7ee0f9f7c5e44a1>

Meeting number: **182 323 7632** Password MghMxgJy424 (64469459 when dialing from a video system) (when dialing from a phone or video system)

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- 1) CALL TO ORDER:
- 2) PLEDGE TO FLAG:
- 3) ROLL CALL:
- 4) APPROVAL OF AGENDA:
- 5) MAYOR'S REPORT:
- 6) ADMINISTRATIVE REPORTS:
  - a) City Clerk:
- 7) DEPARTMENT REPORTS:
  - a) Amy Killian – IFA Board report
- 8) PUBLIC COMMENTS:
- 9) COUNCIL COMMENTS:
- 10) CONSENT AGENDA:
  - a) Minutes of the March 17, 2026, Regular City Council Meeting, action item:
- 11) UNFINISHED BUSINESS:
  - a) Discussion item:
- 12) NEW BUSINESS:
  - a) **Resolution 26-04-07-01:** Approving a Resolution of Support for Taquan Air, discussion and action item; *Agenda Item requested by Brien Salazar, supported by Councilman Anthony Lovell,*
  - b) **Discussion and possible action item:** Approving a Letter of Support by the City Council for Whale Tale Pharmacy, Discussion and possible action item, *Agenda Item requested by Julie McDonald*
  - c) **Resolution 26-04-07-02:** Approving the short-term lease with SEARHC, Unit B Clinic, discussion and action item; *Agenda Item requested by City Clerk*
  - d) **Resolution 26-04-07-03:** Amending resolution 25-08-05-01 to adjust seat term timeline, discussion and action item; *Agenda Item requested by City Clerk*
  - e) **Resolution 26-04-07-04 :** Approving the short-term lease with REEL BITES, discussion and action item; *Agenda Item requested by City Clerk*
  - f) **Discussion and possible action item:** Discussion on application received by Equinox Air for lease of municipal property; discussion and possible action item, *Agenda Item requested by City Clerk*
  - g) **Resolution 26-04-07-05:** Approving the short-term lease of municipal lands to Equinox Air, discussion and action item; *Agenda Item requested by Timber Pesterfield, Equinox Air.*
- 13) CONTINUATION OF PUBLIC COMMENT:
- 14) CONTINUATION OF COUNCIL COMMENT:
- 15) ADJOURNMENT:

POSTED: April 3, 2026

## MINUTES

FOR THE REGULAR MEETING  
OF THE CITY COUNCIL FOR THE  
CITY OF THORNE BAY, ALASKA  
TUESDAY, MARCH 17, 2026

TIME: 6 : 30 p.m.

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**THERE WAS A WORKSHOP BEGINNING AT 6:00PM**

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1) **CALL TO ORDER:**

Mayor called the meeting to order at 6:30pm

2) **PLEDGE TO FLAG:**

The audience and council stood for the pledge to the flag.

3) **ROLL CALL:**

**Those present were:** Pesterfield, Lovell, Cunningham, Anderson, Kaer, Killian, Nyquest

**Those absent were:** None

4) **APPROVAL OF AGENDA:**

Mayor Pro-Tem moved to approve the Agenda, Seconded, discussion:

**MOTION: Move to approve Agenda.**

F/S: Pesterfield/ Kaer

YEAS: Pesterfield, Lovell, Cunningham, Anderson, Kaer, Killian, Nyquest

NAYS:

STATUS: Motion Passed

5) **MAYOR'S REPORT:**

- Several maintenance issues and lack of standards for employee inspection and reports. Held a staff meeting to review policies, open communication with staff about administrator expectations, and employee evaluations. Harbor restrooms are down due to pump failure. Council procedures reviewed for public records, proper procedures for staff directions, and appropriate interactions with any municipal entity. Looking to create committees, or just one, to focus on Davidson Landing Firehall project and the Cemetery.

6) **ADMINISTRATIVE REPORTS:**

a) **City Clerk:**

- Gave an update on bank account switch, not quite done yet. Waiting on online access to have accurate statements for reconciliation and financial reporting. Budget templates will be ready for review soon as well as FY25 Certified Financial Statement. Insurance assessment came in, will be reviewing those numbers with the Mayor.

7) **DEPARTMENT REPORTS:**

- a) **Water:** In print
- b) **Street and Roads:** In print
- c) **Harbor:** In print

8) **PUBLIC COMMENTS:**

- i. **Brien Salazar, Taquan air:** commented on the Alaska Seaplanes and mail route – more about routing of POW transportation, not just postal. Mail service allows scheduled service to many places on POW, not just mail delivery. Extra handoffs with proposed route through IAX/ AK Seaplanes. Creates a monopoly for them. Removes opportunities for communities to receive floatplane orders, health related things, pet travel to vet.

Would like to propose a resolution with personal commitment to deliver more with Council support of Taquan services. 100% Alaska owned company – Alaska Seaplanes 72% owned by lower 48 state residents.

- ii. **Lisa Roseland, Thorne Bay:** Read a letter into the record. (attached)
- iii. **Sara Yockey, Coffman Cove:** commented in agreement with previous statements. Creation of a monopoly isn't good for any of our communities. Competition is good and it creates economic development and delivery of supplies and meds, etc. encouraged City Council to look at the bigger picture before signing a letter of support for Island Air.
- iv. **Julie Hall, Coffman Cove:** 1987 resident – urged Council to reconsider support for Island Air, to keep Taquan services intact.
- v. **Sean McRae, Thorne Bay:** commented on the agenda item for Island Air Express support request. Taquan services available, weather permitting, time saving. If Island air gets contract, loss of employment and travel option availability.
- vi. **Rob Houck , Thorne Bay:** Supports Taquan Air – sent a letter to Clerk, would like to keep Taquan services as they are.
- vii. **Sam Sawyer, Thorne Bay:** Commented on parking difficulties at Island Air already, plans for mail if there's no post office in Thorne Bay?

9) **COUNCIL COMMENTS:**

- a) **Kaer commented** thanks for employment returns. Suggested a 12v system for water to Harbor fish cleaning station. Thanks for the Harbor bench fix in the shower.
- b) **Cunningham** commented on Island air parking issues. Showed support for local businesses and industries.

10) **CONSENT AGENDA:**

- a) **Minutes** of the March 3, 2026, Regular City Council Meeting, action item:  
Mayor Pro-Tem moved to approve the Consent Agenda, Seconded, no discussion:

**MOTION: Move to approve Consent Agenda.**

F/S: Pesterfield/ Nyquest

YEAS: Pesterfield, Lovell, Cunningham, Anderson, Kaer, Killian, Nyquest

NAYS: None

STATUS: Motion Passed

11) **UNFINISHED BUSINESS: None**

12) **NEW BUSINESS:**

- a) **Discussion item:** Island Air request for letter of support, discussion and possible action item; *Agenda Item requested by Island Air, sponsor: Timber Pesterfield*

**Anderson requested to be recused due to conflict of interest and moved to the public audience, Mayor Pro-tem Pesterfield agreed.**

**Discussion as follows**

- i. **Jodi Garza, Island Air Express :**
  - Intention is to provide more reliable mail service, not intended to remove jobs or services.
  - Only weathered 8 days last year
  - Deliver to Klawock and Craig
  - Commented on parking and work being done in the future to improve.
- ii. **Pesterfield questioned** if this is just Thorne Bay or other communities as well? Asked if IAX

long term plan is to take over point to point contracts that will lose mail services with the potential take over of USPS Contract or just to the communities with heavy services?

- **Garza** answered just communities on road system.
- iii. **Pesterfield** what about the satellite communities left out?
- **Garza** answered not planning to open up to other communities, only communities on the road system.
- iv. **Cunningham** questioned if they will provide mail deliveries to communities?
- **Garza** responded mail will be delivered to communities from Klawock.
- v. **Killian** commented smaller communities will not be getting their mail if IAX takes over the contract.
- vi. **Lovell** questioned if it is the City's responsibility to supply a letter of support for a company's business plan.
- **Garza** responded looking for support from communities that would be serviced by the change in contract, not a requirement.
- vii. **Kaer** questioned if Island air would be willing to take on community members when needed like Taquan does?
- **Garza** responded no planes flying directly to Thorne Bay.
- viii. **Kaer** commented in support small businesses
- ix. **Dave Egleston, Thorne Bay:** commented we have a responsibility to protect, not only Thorne Bay, but also the small communities around the island. We need services that come into the small towns and seats on planes. Requested we stick with Taquan.
- x. **Jim Baichtal, Thorne Bay:** Read a letter into the record. (attached)
- xi. **Nyquest thanked Jodi and Brian for their contributions to the discussion.** Expressed appreciation for both companies. Suggested the mail delays are not local
- xii. **Clerk** Read Public comments received by email into the record. (attached)
- xiii. **Brian Taquan:** commented 8 days of non-flight doesn't include mechanical cancellations. UPS contract was outbid by another company – other communities have expressed dissatisfaction with the new contracted company. Would like to put forth a Resolution to the City for support of Taquan. Read proposed Resolution into the record (attached). Scheduled service will not be able to be provided without the USPS contract.
- xiv. **Gary Anderson, Thorne Bay, The Port:** Relies heavily on the contract with Taquan to pay employees. Postal contract requires delivery to the door, Taquan hold a contract to drop mail on the dock. Island Air's contract would be delivery to the door and income would be lost.
- xv. **David Shilts, Thorne Bay:** Positive sides of the proposal are outweighed by the negatives for the many communities.
- xvi. **Trina Pesterfield, Thorne Bay:** would like to see The Port stay open and suggested better commitment from Brian at Taquan to have van trucks more regularly.

- b) **Discussion, possible action item:** Letter of Support for Whale Tale Pharmacy, discussion possible action item; *Agenda Item requested by Julie Lynch McDonald, Whale Tale pharmacy*

**No Discussion**

**Motioned to move item to next meeting, Lovell Seconded**

**MOTION: Move to approve Consent Agenda.**

F/S: Pesterfield/ Nyquest  
YEAS: Pesterfield, Lovell, Cunningham, Anderson, Kaer, Killian, Nyquest  
NAYS: None  
STATUS: Motion Passed

- c) **Discussion item:** Renewal of SEARHC Lease, exp 4/30/2026, discussion item,
- i. Council discussed lease terms for SEARHC
  - ii. **POI Cunningham Has city hall insurance increased?**
- d) **Discussion item:** Adventure Alaska proposal of Resolution amendments, discussion item; *Agenda Item requested by Luther Jenson, Adventure Alaska*
- i. **Luther Jenson, Thorne Bay, Adventure Alaska:** commented on intent of proposed resolution. Rent stalls year round suggested long-term solutions for harbor use. Attempting to act proactively by raising the issue for discussion, rather than retroactively. explained the “Community Concerns” letter given to guests.
  - ii. **Cunningham** commented on past harbor use by charter companies and lack of availability for community members. Questioned if they would give up stalls for locals if necessary?
    - **Jenson answered** Harbor is half empty and spikes in the summer not specifically to locals but also to tourists and summer visitors. Intent is to pay for empty stalls monthly, year round.
  - iii. **Anderson** questioned how much of the City’s sales tax revenue his business pays and if they are willing to pay for monthly moorage year round?
    - **Jenson answered** in the affirmative
  - iv. **Lovell POI:** Can Council make a motion in acceptance of proposed Resolution?
    - **Mayor clarified** agenda items
  - v. **Jenson** raised potential issues at the harbor to the Council and expressed interest in further discussions on making annual moorage available.
  - vi. **Nyquest questioned** if any boats had been bumped to his knowledge?
    - **Jenson responded** not to his knowledge
  - vii. Pesterfield commnted that the need for harbor expansion in the future and may need to amend codes in the future to allow more business.
  - viii. **Nyquest questioned** if they are looking for 1 year or if they are looking for more than one year?
    - **Jenson responded** comfortable with revisiting in a year and continuing discussions.
  - ix. **Lisa Roseland, Thorne Bay:** read letter into the record. (attached)
  - x. **Trina Pesterfield, Thorne Bay:** out of towners rent annually, business should have the same ability.
  - xi. **Sam Sawyer, Thorne Bay:** suggested that the lack of slips has not presented as an issue and city should support local companies.
  - xii. **Sean McRae, Thorne Bay:** in support of Resolution
  - xiii. **Dave Eggeston, Thorne Bay:** Suggested support for Adventure Alaska and Ordinance change to support annual stalls for businesses.
- e) **Resolution 26-03-17-01:** Approving the request from Adventure Alaska to rent 12 additional boat stalls, discussion and action item; *Agenda item requested by Luther Jenson, Adventure Alaska*

**Mayor Pro-Tem moved to approve the Resolution 26-03-17-01, Seconded, discussion:**

**Anderson moved to amend Resolution to match proposed resolution, Seconded,**

**MOTION: Move to approve amended Resolution 26-03-17-01,**

F/S: Pesterfield/ Kaer

YEAS: Pesterfield, Lovell, Cunningham, Anderson, Kaer, Killian, Nyquest

NAYS:

STATUS: Motion Passed

**Discussion as follows:**

**POI Lovell:** Do we need to add an extension of time?

Answer: No, TBMC does not speak to any time limits on this,

**MOTION: Move to approve amended Resolution 26-03-17-01.**

F/S: Pesterfield/ Cunningham

YEAS: Pesterfield, Lovell, Cunningham, Anderson, Kaer, Killian, Nyquest

NAYS:

STATUS: Motion Passed

13) CONTINUATION OF PUBLIC COMMENT:

- a) **Trina Pesterfield, Thorne Bay:** suggested a financial background check for administrator applicants in addition to background checks.
- b) **Jenson** thanked council and public for support

14) CONTINUATION OF COUNCIL COMMENT:

- a) **Nyquest** thanks to public for participation thanked Pesterfield for stepping up and leadership.
- b) **Lovell** commented on budget focuses and suggested permanent grant writing structure for the city.
- c) **Killian** thanks to Luther Jenson for letter submitted
- d) **Cunningham** welcomed Sam back and welcomed public participation.
- e) **Nyquest** congrats to new landfill operator.
- f) **Pesterfield** thanked all for attending and participating. Special thanks to Lucy for running the Community Center Planning Committee. Looking to create committees for cemetery, events, and some other needs. Thanks to everyone expressing supporting local businesses. Mayor election will be coming up soon.

15) ADJOURNMENT: Mayor pro-tem adjourned the meeting at 8:37 pm

To the Thorne Bay City Council,

I am writing to urge the Council to carefully consider the long-term impact before issuing a letter of support for Island Air to take over the Thorne Bay mail service.

While consistent mail delivery is a challenge for any carrier, we must look at the broader value Taquan Air provides by landing directly at our harbor. Shifting mail service to a wheeled carrier in Klawock would likely signal the end of daily scheduled year around float plane service to Thorne Bay. This would force our residents to drive to Klawock to ship and collect freight items, transport animals, or catch a scheduled flight – services we currently enjoy right here at home.

Taquan Air has proven to be a dedicated partner for years, often going above and beyond. From putting mail trucks on the ferry during bad weather, to assisting the community when other carriers folded, their commitment has been clear. In fact, the CEO Brian Salazar's presence here tonight – having personally brought a mail truck over on the ferry – is a testament to that dedication.

We should not be so quick to turn our backs on a partner that lands in our waters and supports our local infrastructure in favor of a service that would move our logistics hub away from Thorne Bay. I ask the Council to maintain its support for our local float plane service.

Sincerely,

A handwritten signature in blue ink that reads "Lisa Roseland". The signature is fluid and cursive, with the first name being more prominent.

Lisa Roseland  
Thorne Bay Resident

## Thorne Bay City Council-3/17/2026

I am addressing you today because Alaska Sea Planes and Island Air Express have asked for a letter of support from the City of Thorne Bay to obtain the USPS mail contract for the communities of Thorne Bay and Coffman Cove.

Though at first glance this proposal seems to have merit, seems to possibly offer consistent and reliable delivery of USPS mail to the communities, the negative consequences of this proposal outweigh the positive in my opinion.

If Taquan Air loses the USPS contract to deliver mail to these communities there will be immediate consequences.

If Taquan Air loses the contract it will likely be forced to discontinue scheduled service to Thorne Bay, Coffman Cove, Naukati, and Whale Pass. This would likely make it economically impossible to continue scheduled service to other remote Prince of Wales Communities as well. This would greatly isolate these communities.

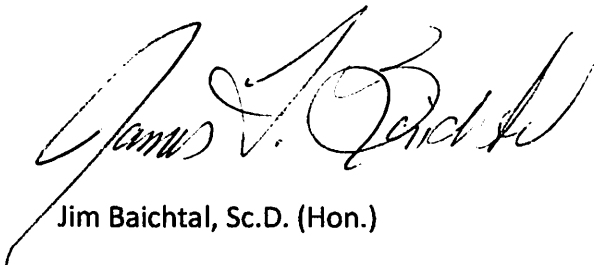
Locally, the Port's financial stability might be placed in question. The Port relies heavily on the Taquan contract to pay employees and conduct business in this community. With no Port, there will be no fuel, no convenience store, and no mail! Think about all the Port means to this community! The substantial sales tax revenue the Port now pays to the City of Thorne Bay will be gone.

By Alaska Sea Planes and Island Air requesting these two high volume USPS contracts they could destabilize the economy of all of the remote communities.

Float plane charter flights would be the only option for getting to any of these communities. No seat fair, no package delivery, critical freight, pets, essential goods, auto parts, and time sensitive business shipments. No completion for seat fair rates.  
*competition*

Karen and I ran a business in this community for 14 years, we know and understand the slim profit margins local businesses operate on. This change of USPS contract provider, just might be the proverbial nail-in-the-coffin for the Port, not to mention the social and economic consequences to the other remote Island communities.

We urge you not to support this USPS contract change. We urge you to in fact write a letter or create a resolution in support of Taquan Air maintaining the current USPS contract. Maintaining the status quo.



Jim Baichtal, Sc.D. (Hon.)

Thorne Bay, Alaska Resident

(907)-209-6690

baichtal557@gmail.com

To the Thorne Bay City Council,

I am writing to express my strong support for approving annual boat stalls for Adventure Alaska.

As a locally owned and operated business that has rented monthly slips for years, they deserve the stability of an annual agreement. This ensures they can continue to operate and contribute to our local economy without the constant uncertainty of stall availability.

Adventure Alaska has proven to be an exemplary tenant. They take immense pride in maintaining their equipment and city property, and they prioritize safety by fully insuring their fleet. Given that Thorne Bay currently lacks dedicated commercial harbor space and is in need of consistent revenue, securing this partnership is a practical win for the city.

I urge the Council to approve this request to support a responsible local business

Sincerely,

A handwritten signature in blue ink that reads "Lisa Roseland". The signature is fluid and cursive, with the first name "Lisa" being more prominent than the last name "Roseland".

Lisa Roseland  
Thorne Bay Resident



**CITY OF THORNE BAY  
RESOLUTION 26-04-07-04**

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA, APPROVING THE SHORT-TERM LEASE WITH SHARON & CORNELL LLC FOR LEASE OF CITY OWNED TIDELANDS LOCATED AT 1212 (B) SHORELINE DRIVE, FOR THE PURPOSES OF OPERATING A RESTAURANT

**WHEREAS**, the City Council is the governing body of the City of Thorne Bay; and

**WHEREAS**, the SISD sold the restaurant building and is ending their lease; and

**WHEREAS**, the Thorne Bay Municipal Code 2.56.240-provides that negotiated leasing may be conducted with a single prospective lessee or renter through the use of resolution; and

**WHEREAS**, Sharon & Cornell LLC has bought the building residing on City Tidelands property with intent to rent space; and

**WHEREAS**, it is in the City's best interest to retain Sharon & Cornell LLC as a "renter" under the terms of a two year lease.

**NOW THEREFORE, BE IT RESOLVED** that the City Council for the City of Thorne Bay hereby approves the noncompetitive short-term lease, effective May 1, 2026, through April 30, 2028, for the rental of city owned lands located at 1212 (b), Shoreline Drive, for the placement of a modular building that is used for operating a restaurant.

**PASSED AND APPROVED** this 7<sup>th</sup> day of April 2026, by a duly constituted quorum of the City Council with a vote of \_\_\_ yeah and \_\_\_ nay.

ATTEST

\_\_\_\_\_  
Timber Pesterfield, Mayor Pro-Tem

\_\_\_\_\_  
Caitlyn Sawyer, City Clerk/Treasurer

LEASE AGREEMENTS BETWEEN  
THE CITY OF THORNE BAY SHARON & CORNELL LLC FOR LEASE OF CITY OWNED TIDELANDS

THIS AGREEMENT of Lease is made effective this 7th day of April 2026, by and between the City of Thorne Bay, an Alaska municipal corporation, P.O. Box 19110, Thorne Bay, Alaska 99919 (hereinafter called the City or Lessor), and Sharon & Cornell LLC of PO Box 19375, Alaska 99919, hereinafter referred to as (Lessee).

1. **Leased Premises.** The City of Thorne Bay hereby leases to Lessee the following described municipal land ("Premises"), situated in the City of Thorne Bay, First Judicial District, State of Alaska, described as follows:
  - a. City owned municipal land, located easterly of the City owned boat launch facility as shown on the attached map within the corporate boundaries of the City of Thorne Bay.
  - b. In additions to the terms and conditions contained in all of the sections of this Lease, the provisions of Title 2, Article III of the Thorne Bay Municipal Code shall apply to the terms and conditions of this Lease Agreement unless otherwise amended in this Lease.
2. **Term.** The term of this Lease shall be for a two (2) year term commencing May 1, 2026 and terminating April 30, 2028. The lease shall terminate automatically on the expiration of the first year unless the Lessor and Lessee have executed a new lease for a new term or agreed to an extension of this lease in writing. Absent an approved Lease Agreement, the Lessee shall vacate the Premises on or before the ending date of this Lease Agreement by removing all structures thereon. If the City and Lessee enter a new lease, or an extension of this Lease, the monthly lease payment shall be reviewed and adjusted in accordance with the provisions of Section 2.56.210 of Title 2, Article III of the Thorne Bay Municipal Code.
3. **Occupancy.** Lessee was granted occupancy of the Premises on or about May 1, 2024. Lessee will be granted continued occupancy of premises upon signature of this lease renewal.
4. **Rent.** This is a triple-net Lease with Lessee responsible for rent and taxes as defined herein. Lessee agrees to pay to Lessor rent, on or before the first day of each calendar month, payable to Lessor and mailed to City of Thorne Bay, PO Box 99110, Thorne Bay, Alaska 99919. Payments received after the 10th day of the month will be subject to a 10% late charge.
  - a) **Rental Rate:** Lessee will pay rent at the rate of \$320.00 per month, for the months of June 1st through October 31st.
  - b) **Reduced Rental Rate:** Lessee will pay a reduced rental rate of \$160.00 per month, for the months of November 1<sup>st</sup> through May 31<sup>st</sup>
5. **Purchase.** Lessee is the owner of the modular building and equipment, personal property, and inventory.
6. **Annual Rent Adjustment.** The parties agree that if the Lessor and Lessee execute a new lease for a new term or agreed to an extension of this lease in writing the monthly rent shall be subject to adjustment mutually agreed upon by both parties. Under no circumstances shall the rental price be decreased from the amount charged at the outset of this Lease until the rent amount charged at the outset of this Lease has been paid for twelve (12) months.

**7. Sales and Property Taxes.**

a. Lessee shall pay, in addition to the rentals specified in Paragraph 4 above, any sums required to be paid under the sales tax, personal property tax, special assessments and/or real property laws that may be in force from time to time within the City of Thorne Bay, Alaska. The amounts for sales tax, special assessments and personal property taxes shall be payable at least ten (10) days prior to delinquency. Proof of the payment of Sales Taxes shall be provided to the Lessor monthly. all personal property taxes applicable to the personal property owned by Lessee and located on the leased Premises.

8. **Deposits.** Lessee shall deposit with the City an amount equal to N/A. Upon termination of the Lease the Lessee shall vacate the premise leaving it in the same clean condition as presented at the time the Lease was entered. If the Premises need cleaning, repairs or the Lessee is in default in payments the deposit shall be used to offset such costs. In the event the Premises are clean and in need of no repairs the deposit will be refunded in full.

9. **Use.** Lessee shall use the leased premises for the purposed of maintaining and operating a restaurant owned by Sharon & Cornell LLC with indoor and outdoor seating open to the general public. Uses to also include other structures or facilities added to or adjacent to the restaurant for the purpose of display or sale of items associated with Sharon & Cornell LLC, or the maintaining and operating of the restaurant. The leased premises shall not be used for any other purposes without the prior written consent of Lessor.

10. **Permits and Compliance with Law.** Lessee shall obtain all necessary local, state, and federal permits necessary for the operation of Lessee's business and shall comply with all local, state and federal laws, rules and regulations. Failure to comply with any requirements of this section shall constitute a material breach of and a default of the Lease Agreement resulting in the Lessor's option to terminate the Lease Agreement, in the sole discretion of the Lessor. Upon termination due to a breach or default under this section, the Lessee shall vacate the premise immediately.

11. **Acceptance of the Leased Property by Lessee.** Lessee acknowledges that it/he/she has thoroughly examined the leased premises. Lessee accepts the leased premises in their "AS IS" condition. The Lessor shall not be required to perform any work to prepare leased premises for the Lessee. Lessee's taking possession of leased premises shall be conclusive evidence against the Lessee that, at the time possession was taken, leased premises were in good and satisfactory condition. Lessee has not relied upon any representations or statements of the Lessor or its representatives or agents regarding the condition of the leased premises or their suitability for Lessee's uses under this Lease.

a. Lessee specifically acknowledges that Lessee has had access to the water reports related to the City of Thorne Bay water system and Lessee has reviewed those reports to the extent deemed necessary by the Lessee before determining to enter this Lease. The decision to enter this Lease and operate the restaurant on the premises and to use and serve City water, or to use or serve some other water source, is solely that of the Lessee, and Lessee takes full responsibility to the fullest extent of the law for the water source it chooses to use in the operation of the restaurant. Lessee acknowledges that it/he/she has no cause of action of any kind or any nature, including any administrative proceedings or complaints, against the City of Thorne Bay based on any allegation or claim related to the water quality of the City of Thorne Bay water system.

12. **Insurance. Liability Insurance.** During the term of this Lease, Lessee shall, at Lessee's own expense, maintain and keep in force adequate insurance to protect both the Lessor and Lessee against comprehensive liability, personal injury, including death, property damage, including as to any equipment or improvements, fire, and extended coverage claims. Lessee shall maintain insurance in amounts not less than comprehensive general liability insurance with minimum limits of \$1,000,000, with minimum limits of \$1,000,000 per individual and \$1,000,000 per accident. Lessor shall be named as an additional insured on all policies. Proof of Insurance shall be provided to Lessor within thirty (30) days after the parties have executed this lease and prior to public use of the premises. Lessor shall be notified at least thirty (30) days before the cancellation or termination of any policy. Failure to place and maintain insurance in compliance with this section constitutes an immediate, material breach of and default of the Lease. Failure of the Lessee to provide the Certificate of Insurance showing the City of Thorne Bay as an additional insured within thirty (30) days of the signing of this Lease by the Lessee shall constitute a material breach and a default on the lease and the City shall have the right to immediately terminate the lease and pursue any other remedies allowable by law to remove the Lessee from the premises.

**Property Insurance.** During the term of this Lease, Lessee shall at all times carry upon any property belonging to Lessee and placed, erected or installed in, on or upon the Premises, fire and casualty insurance protecting against loss, damage or destruction caused by wind, fire, lightning, explosion, vandalism, malicious mischief, or such other casualties and such other risks as may be provided by extended coverage. Any such insurance shall name Lessor as an additional insured or contain such other provisions as may be needed to preclude any subrogation claims by the insurers against Lessor. Any such insurance shall be endorsed to require at least thirty (30) days' notice to Lessor prior to cancellation. Lessee shall also be responsible for providing Lessee's own personal property/inventory insurance coverage. Lessor will not be providing any insurance for the protection of Lessee, Lessee's loss of business, personal injury or property damage claims or content coverage. Lessee is responsible for providing any and all of its own insurance coverage. Lessee shall store its property in and shall occupy leased premises at its own risk, and releases the Lessor, to the full extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury or property damage.

**Workers' Compensation Insurance.** Lessee shall maintain Worker's Compensation Insurance in compliance with the laws of the State of Alaska, AS 23.30 et seq., and federal jurisdiction where the work is being performed.

**Insurance Policy Requirements.** All policies of insurance shall be issued by and maintained in responsible insurance companies selected by Lessee, organized under the laws of one of the states of the United States or The Underwriters at Lloyd's of London, authorized under the laws of the State of Alaska to assume the risks covered thereby, and rated at least "A" by A.M. Best Company, Inc. or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. Lessee will

deposit annually with Lessor policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Each policy shall contain a provision that the insurer shall not cancel nor modify it without giving written notice to Lessor and Lessee at least 30 days before the cancellation, non-renewal or modification becomes effective.

13. **Improvements to Real Property.** There shall be no improvements, alterations or modifications on the Premises without the prior review and written approval of all plans by Lessor. Any alteration, addition or improvement approved by Lessor shall be performed in a good and workmanlike manner and by competent craftsmen. All alterations, additions and improvements shall comply with all federal, state and local governmental statutes, ordinances, laws, codes and regulations affecting the leased Premises and the use thereof. Lessee is required to obtain building permit authorization from the Lessor for construction of any and all structures placed on the lease area.
14. **Leasehold Improvements.** All signs or symbols placed on or about the leased premises shall be subject to Lessor's prior written approval. With prior written consent of Lessor, Lessee may make alterations and improvements on or to the leased premises, at Lessee's sole cost and expense. All fixtures, buildings and/or equipment of whatsoever nature which shall have been installed on the Premises by the Lessee, whether permanently affixed or otherwise, shall be the property of Lessee, and shall be removed by Lessee at the expiration or termination of this Lease. at Lessee's sole cost and expense, in the sole discretion of the Lessor unless Lessor and Lessee mutually agree to improvements remaining on leased premise. Any of Lessee's improvements remaining on the leased premises longer than thirty (30) days after termination or expiration of the lease shall become the property of the Lessor.
15. **Termination of Lease.** If Lessee vacates the leased Premises prior to the end of the Lease term, Lessee shall be responsible for continuation of Lease payments until the Lease expires at the end of the Lease term, or Lessor and Lessee mutually agree to terminate Lessee's Lease obligation.
16. **Quiet Enjoyment.** If Lessee performs and fulfills all the covenants and conditions herein contained, Lessee shall quietly enjoy the Premises during the term of this Lease and any extensions thereof.
17. **Destruction of Premises.**
  - a. In the event the Premises or any substantial portion thereof shall be damaged by fire, wind, flood, earthquake or other casualty, and it reasonably appears that repair cannot be effected so as to permit re-occupancy within thirty (30) days from the date of casualty, either party at its option, may by written notice mailed within ten (10) days from the date of such casualty elect to terminate this Lease, effective as of the date of such casualty. If neither party shall so elect to terminate this Lease, Lessee's liability for rent shall abate in proportion to that portion of the Premises rendered unfit for Lessee's operation by reason of such casualty until such time as repairs are completed; provided, however, that if repair work progresses in stages and results in rendering portions of the Premises fit for utilization by Lessee from time to time, the abatement of rent shall be reduced proportionately as repairs to portions of the demised Premises are completed.
  - b. In the event that less than a substantial portion of the demised Premises are damaged by fire, wind, flood, earthquake or other casualty, this Lease shall not end, but the rent shall be abated in accordance with the provisions contained in subparagraph (a) above, during any period in which repairs are being performed.
  - c. As used in this paragraph, the term "substantial portion" means damage depriving Lessee of

use of fifty percent (50%) or more of the Premises.

- d. Notwithstanding subparagraphs (a) and (b) above, this Lease shall not end, nor shall any abatement of rent occur if the damage or destruction of the Premises is caused by any act or omission on the part of Lessee, its agents, invitees or licensees.
18. **Government Requirement.** The Lessee shall comply with all federal, state and municipal laws, ordinances, regulations, or orders, and all court orders and administrative orders.
  19. **Assignments and Subleases.** Lessee shall not assign the Lease or any interest in the lease for any purpose and shall not sublet the Premises or any part thereof and shall not permit any person to occupy or use the Premises except upon Lessor's written consent. The lessor may consent to the lessee subletting the property in exhibit "a" to allow for the operation of a restaurant. Any unapproved assignment or sublease shall be void. Lessor reserves the right to withhold consent.
  20. **Liens.** Lessee shall not do or permit anything causing the Premises to be encumbered by any lien and shall, whenever and as often as such lien is claimed against the Premises purporting to be for labor or materials furnished to Lessee or otherwise being based on a claim against Lessee, discharge the same within ten (10) days or Lessee shall post with Lessor a bond in an amount and with sureties which are satisfactory to Lessor guaranteeing that said lien will be removed. Notice is hereby given that Lessor shall not be liable for any labor or materials furnished to Lessee upon credit and that no mechanic's lien for such labor or material or other lien shall be attached to the interest of Lessor in the Premises.
  21. **Entry of Lessor.** Lessor shall be privileged at any time to inspect the Premises, and during the six-month period next preceding the expiration of the term thereof, shall be privileged, together with brokers and prospective Lessees, to inspect the Premises. If, at reasonable hours, admission to the Premises for the stated purposes cannot be obtained, or if at any time Lessor shall deem admission necessary for the benefit of Lessee, Lessor may, but is not obligated to, enter the Premises by means of a master key or other peaceable manner.
  22. **Waiver and Indemnification.**
    - a. Waiver. The City of Thorne Bay shall not be liable to Lessee and Lessee hereby waives all claims against Lessor, in their capacity as the Lessor under this Lease, for any injury, illness, or death of any person or damage to any property in or about the Premises or real property caused by any act or omission of Lessee, its agents, or employees.
    - b. Indemnification. Lessee agrees to protect, defend, indemnify, and hold the City of Thorne Bay and its mayor, council members, agents and employees, harmless from and against any and all claims, damages, actions, administrative proceedings, liability, loss, or expense (including reasonable attorneys' fees), of any kind and any nature, incurred in connection with or arising from any injury, illness, or death to any person or damage to any property or from any other cause whatsoever occurring in on or about the Premises or real property or any part thereof arising at any time and from any cause whatsoever in the Lessee's use of the Premises. In case any action or proceeding is brought against Lessor by reason of any such claim or liability, Lessee shall defend any and all suits that may be brought, and claims which may be made, against Lessor, at Lessee's sole cost and expense.
    - c. The Lessor shall not be responsible or liable for any injury, loss or damage to any person or to any property of Lessee or other person caused by or resulting from the elements, frosting,

breakage, leakage, steam, snow, ice, running water, or the overflow of sewage, in any part of leased premises or surrounding area used by or in support of restaurant operations. The Lessor shall not be responsible for any injury or damage caused by or resulting from acts of God or Mother Nature.

- d. Lessee shall defend, indemnify and hold the City and its mayor, council members, employees and agents harmless from any and all civil or criminal liabilities or penalties, including costs of defense, resulting from or arising out of or related to in any way Lessee's noncompliance with any term or provision of this Lease, which the noncompliance causes environmental or water quality damage, spill or other environmental related event, or civil or criminal penalties or sanctions to be incurred or alleged.

23. **Building Containing Premises/Grounds.** lessee shall maintain the leased premises at Lessee's sole cost and expense and at all times keep the leased premises neat, clean and in a sanitary condition. Lessee shall keep and use the leased premises in accordance with applicable laws, ordinances, rules, regulations and requirements of all governmental authorities. Lessee shall permit no waste, damage or injury to the leased premises.

24. **Hazardous Substances.** Lessee shall not use the leased Premises in a manner that violates any federal, state or local law, regulation, or ordinance, including, but not limited to, any such law, regulation or ordinance pertaining to air and water quality, the handling, transportation, storage, treatment, usage or disposal of Hazardous Substances. "Hazardous Substances" shall be interpreted broadly and include, but not be limited to, any material or substance that is defined or classified under federal, state or local laws as (a) "hazardous substance" pursuant to § 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 (14) of § 311 of the Federal Water Pollution Control Act, 33 U.S.C. § 1321, each as now or hereafter amended; (b) a "hazardous waste" pursuant to § 1004 or § 3001 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6903, 42 U.S.C. § 691, as now or hereafter amended; (c) a toxic pollutant under § 307(l)(a) of the Federal Water Pollution Control Act, 33 U.S.C. § 1317(l)(a); (d) a "hazardous air pollutant" under § 112 of the Clean Air Act, 42 U.S.C. § 7412, as now or hereafter amended; (e) a "hazardous material" under the Hazardous Material Transportation Act, 49 U.S.C. § 1802(2), as now, or hereafter amended; (f) toxic or hazardous substances pursuant to regulations promulgated now or hereafter under the aforementioned laws; or (g) presenting a risk to human health or the environment under other applicable federal, state or local laws, ordinances, or regulations, as now, or as may be passed or promulgated in the future.

**Lessee agrees to immediately notify Lessor if Lessee becomes aware of**

- i. any Hazardous Substances or other environmental problem or liability with respect to the Premises or real property, or
- ii. any lien, action, or notice resulting from violation of any of the laws, regulations, ordinances, or other environmental laws.

It shall be Lessee's sole responsibility to pay for any and all remediation resulting from any contamination caused by Lessee or resulting from Lessee's use of the Premises. Lessee agrees to defend, indemnify and hold Lessor harmless from any liability, including costs and actual attorney's fees, associated with remediation of any hazardous waste identified on the subject property resulting from any use of the Premises by the Lessee.

25. **Utilities.** Lessee shall be responsible for utilities associated with the Premises, including but not limited to electricity, heat, water, sewer, telephone and refuse disposal. Lessee agrees to pay,

and keep current, ALL charges, including deposits, for all utilities, including but not limited to water, sewer, refuse collection, electricity, propane, fuel oil and telephone. Failure to do so will result in the utility being shut off. If the City shuts off any of the utilities, such action shall constitute a material breach of the Lease and the Lessor shall have the immediate right to terminate the lease upon the shutoff, in the sole discretion of the Lessor. Absent an approved Lease Agreement, the Lessee shall vacate the premise immediately upon the shutoff of any utility.

26. **Signs.** Lessee will pay for exterior signage for Lessee's business. All signage must be consistent with any ordinances of the City related to signage.

27. **Default.** Any of the following shall constitute a default hereunder by Lessee:

- a. Failure to perform the covenants contained in this Lease for the payment of rent;
- b. Failure to perform or fulfill any other covenant or condition contained in this Lease;
- c. Dissolution, other termination of existence, or insolvency, in any sense, of Lessee;
- d. The shut off of utilities;
- e. The filing of a petition by or against Lessee for adjudication as a bankrupt, or for reorganization or arrangement within the meaning of the Bankruptcy Act;
- f. The dissolution or the commencement of any action or proceeding for the dissolution or liquidation of the Lessee or for the appointment of a receiver or trustee of leased premises of the Lessee;
- g. The taking possession of leased premises of the Lessee by any governmental officer of agency pursuant to statutory authority for the dissolution or liquidation of the Lessee;
- h. The making by the Lessee of an assignment for the benefit of creditors;
- i. Lessee vacates or abandons the leased premises; and
- j. A failure that continues for five (5) days or more to have the Lessor named as an additional insured as required under paragraph 12, and Lessee fails to cure such default within ten (10) days after receipt of a written notice has been received by Lessee specifying such failure to name the City as an additional insured.

The specification of events constituting default by the Lessee in this Section are in addition to any defaults specified in the Thorne Bay Municipal Code. Failure to perform a covenant or fulfill a condition contained in this Lease shall constitute a default for purposes of this paragraph, regardless of whether other consequences of such failure are provided for herein, as in the case where an assignment without consent is void.

28. **Lessor's Remedies on Default.** All rights and remedies of the Lessor enumerated shall be cumulative, and none shall exclude any other right or remedy allowed by law. In addition to the other remedies in this Lease provided, the Lessor shall be entitled to the restraint by injunction of the violation or attempted violation of any of the covenants, agreements or conditions of this Lease. Lessor's remedies are as follows:

In the event of any default of the Lessee, the Lessor shall have the following rights and remedies – all in addition to any rights or remedies that may be given to the Lessor by statute, common law, or under Thorne Bay Municipal Code.

- a. If Lessee defaults in the payment of the rent reserved in this Lease, and such default continues for ten (10) days after written notice, or if Lessee defaults in the prompt and full performance of any other provision of this Lease and such default continues for thirty (30) days after notice, or if the leasehold interest of Lessee be levied upon under execution or be attached by process of law, or if Lessee abandons the Property, then, in any such events, Lessee shall be in default under this Lease and Lessor may, at its election, either terminate this Lease and

Lessee's right to possession of the Premises or, without terminating this Lease, endeavor to relet the Premises. Nothing herein shall be construed so as to relieve Lessee of any obligation including payment of the rent reserved in this Lease.

- b. Re-enter leased premises and take possession thereof, remove all persons therefrom, and remove Lessee's property therefrom and store it in a public warehouse or elsewhere at the cost of Lessee, all without service of notice or resort to legal process (all of which Lessee expressly waives) and without becoming liable for trespass, forcible entry, detainer, or other tort or for any loss or damage which may be occasioned thereby;
- c. Declare the Term ended;
- d. Re-let leased premises in whole or in part for any period equal to or greater, or less, than the remainder of the Term for any sum which is commercially reasonable;
- e. Collect all reasonable damages, costs and expenses that the Lessor may incur by reason of default by Lessee, together with interest calculated at the rate of ten percent (10%) per annum;
- f. If Lessee abandons the Premises or Lessor otherwise becomes entitled so to elect, and Lessor elects, without terminating this Lease, to endeavor to relet the Premises, Lessor may, at Lessor's option, enter into the Premises, remove Lessee's signs and other evidence of tenancy, and take and hold possession thereof as provided in subparagraph (ii) of this paragraph, without such entry and possession terminating this Lease or releasing Lessee, in whole or in part, from Lessee's obligation to pay the rent hereunder for the full term as hereinafter provided. Upon and after entry into possession without termination of this Lease, Lessor may relet the Premises or any part thereof for the account of Lessee to any person, firm or corporation other than Lessee for such rent, for such time and upon such terms as Lessor shall determine to be reasonable. In any such case, Lessor may make repairs, alterations and additions in or to the Premises, and redecorate the same to the extent deemed by Lessor necessary or desirable, and Lessee shall, upon demand, pay the cost thereof, together with Lessor's expenses of the reletting including, without limitation, broker's commissions and advertising expenses. If the consideration collected by Lessor upon any such reletting for Lessee's account is not sufficient to pay yearly the full amount of the rent reserved in this Lease, together with the cost of repairs, alterations, additions, redecorating and Lessor's expenses, Lessee shall pay to Lessor the amount of each yearly deficiency upon demand.
- g. If Lessor elects to terminate this Lease in any of the contingencies specified in this paragraph, it being understood that Lessor may elect to terminate the Lease after, and notwithstanding its election to terminate Lessee's right to possession as provided in subparagraph (i) of this paragraph, Lessor shall forthwith, upon such termination, be entitled to recover as damages, and not as a penalty, an amount equal to the then present value of the rent reserved in this Lease for the residue of the term of this Lease, less the present value of the fair rental value of the Premises for the residue of the term of this Lease.
- h. Lessee agrees that if it shall, at any time, fail to make any payment or perform any other act on its part to be made or performed under this Lease, Lessor may, but shall not be obligated to, after ten (10) days prior written notice and without waiving, or releasing Lessee from any obligation under this Lease, make such payment or perform such other act to the extent Lessor may deem desirable, and in connection therewith to pay expenses and employ counsel. Lessee agrees to pay a reasonable attorney's fee if legal action is required to enforce performance by Lessee of any condition, obligation or requirement thereunder. All sums so paid by Lessor and all expenses in connection therewith, together with interest thereon at

the current maximum legal rate of interest from the date of payment to the date of repayment, shall be deemed additional rent hereunder and payable at the time of any installment of rent thereafter becoming due, and Lessor shall have the same rights and remedies for the non-payment thereof, or of any other additional rent, as in the case of default in the payment of rent.

29. **Lessor's Remedies.** In the event of default hereunder by Lessee, Lessor shall have all the rights and remedies afforded by law, which shall be cumulative and may be exercised separately or concurrently.
30. **Waiver.** Except to the extent that a party may have otherwise agreed in writing, no waiver by a party of any breach by the other party of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation. Nor shall any forbearance by a party to seek a remedy for any breach of the other party be deemed a waiver of its rights or remedies with respect to such breach.
31. **Changes.** No modifications, amendments, deletions, additions or alterations of the Lease Agreement shall be effective unless in writing and signed by Lessor and Lessee and such representatives of the Lessor and Lessee are authorized to make such changes.
32. **Joint Product.** The language set out in this Lease represents the joint product of the parties and shall not be construed against one party in favor of the other. Each party hereto has had the option of seeking the advice of legal counsel in the drafting of this Lease, and the rule of construction favoring construction against the drafter shall not apply. Lessee acknowledges and agrees that Lessee has not received any legal advice from the Lessor's attorney or from anyone associated with the Lessor.
33. **Authority.** The parties and their undersigned representatives warrant that they have full authority to enter into this Lease Agreement and to execute this Lease Agreement.
34. **Surrender of Leased Premises.** Upon termination of this Lease Agreement, Lessee agrees to peacefully quit and surrender the leased premises without notice, remove all of Lessee's buildings, equipment and personal property and leave the leased premises neat and clean. The Lessor, may through mutual agreement with Lessee, allow Lessee to leave all buildings, equipment and personal property on the Premise.
35. **Governing Law, Jurisdiction and Venue.** The laws of the State of Alaska shall govern the construction, interpretation and validity of this Lease. The Superior Court for the State of Alaska, First Judicial District at Craig, Alaska, shall be the exclusive jurisdiction and venue for any action of any kind and any nature arising out of or related in any way to this Lease and to the use of the Premises by the Lessee. Lessee specifically waives any right or opportunity to request a change of venue for trial from Craig, Alaska pursuant to A.S. 22.10.040.
36. **Acknowledgment by Lessee.** Lessee acknowledges that Lessee has had a full opportunity to consult with attorneys of Lessee's choice before signing this Agreement. Lessee acknowledges that Lessee is not relying on any statements or representations made by any employees, representatives, officers, consultants, the Mayor, or Council members of the City in entering this

Lease. Lessee further acknowledges that Lessee has not received and is not relying on any legal advice or representations by the City attorney.

**37. General.**

- a. The provisions of this Lease shall bind and inure to the benefit of the successors, devisees, legatees, heirs, distributees, representatives, and assigns of the parties. This provision does not limit in any way the Lessor's sole discretion as to any subletting or assignment of the Premises.
- b. This Lease contains all of the covenants, promises, agreements, conditions and understanding, either oral or written, between the parties. No subsequent alteration changes or amendment to this Lease shall be binding upon the parties unless reduced to writing and signed by them. This Lease supersedes all previous agreements or discussions or negotiations, whether orally or in writing, between the parties.

38. **Notice.** Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, addressed to Lessor at P.O. Box 19110, Thorne Bay, Alaska 99919, or the Lessee at, PO Box 19375, or at such other address as either party may designate in writing to the other.

DATED this \_\_\_\_ day of \_\_\_\_\_ 2026.

LESSOR:  
THE CITY OF THORNE BAY

LESSEE:  
SHARON & CORNELL LLC

By \_\_\_\_\_  
Timber Pesterfield, Mayor Pro-tem

By \_\_\_\_\_  
Jay Mar, Sharon & Cornell LLC

ATTEST:  
\_\_\_\_\_  
Caitlyn Sawyer, City Clerk



# Inter-Island Ferry Authority

March 17, 2026

Amy Killian - TNB Rep to the IFA Board



## Federal Enhancement and Revitalization of Reliable Infrastructure for Essential Seaways (FERRIES) Act presented by the National Ferry Caucus

- IFA has joined this coalition - it will provide additional grant funding opportunities

### General Manager Report

- IFA was approved to apply for grant for life-saving equipment
- The IFA office staff are working countless hours for grant funding to support operating costs
- Southeast Conference - great opportunities to communicate with state-wide decision makers
- IFA is looking for a port engineer in Ketchikan
- IFA is looking for a captain - the job announcement has been out for a long time and there have been very few applicants and none that were interested in the end or were qualified
- IFA is running its typical run (Hollis - KTN) and also doing Ketchikan to Metlakatla 3 days a week while the Lituya is in repairs
- IFA has multiple 20 year employees - this shows a good working environment

### Fish Box Fund Committee

- IFA has adopted a resolution to form a committee to determine the use of the funds generated by the fish box income

### Strategic Planning

- IFA is entering into a strategic planning process to review policies, practices, and operations.

### IFA Membership Program

- IFA Board passed a resolution to create an IFA Membership Program (details will come out soon) but there will be options for individuals, couples, families, visitors, and businesses.

### Board Seats Expiring

- Seats in the following communities will be expiring June 20, 2026. Letters will be sent to the communities on March 31, 2026. Current members for all three communities are interested in continuing as representatives for their communities.
  - Hydaburg
  - Coffman Cove
  - Thorne Bay



Sponsor:	<u>Anthony Lovell</u>
Introduction:	<u>April 7, 2026</u>
Adopted On:	_____
Vote:	___Yeas, ___Nays, ___Absent

CITY OF THORNE BAY  
RESOLUTION 26-04-07-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF THORNE BAY, ALASKA, CONFIRMING ITS STONG SUPPORT FOR TAQUAN AIR AND ITS DIRECT POINT-TO-POINT MAIL, FREIGHT, AND PASSENGER AIR SERVICE BETWEEN KETCHIKAN AND THORNE BAY, AND URGING THE UNITED STATES POSTAL SERVICE, U.S. DEPARTMENT OF TRANSPORTATION, THE ALASKAN FEDERAL CONGRESSIONAL DELEGATION, AND FEDERAL AND STATE DECISION MAKERS TO PRESERVE THIS ESSENTIAL LONGSTANDING COMMUNITY TRANSPORTATION LINK

**WHEREAS**, the City Council of the City of Thorne Bay, Alaska, serves as the governing body of the community and is responsible for promoting transportation systems that support the health, safety, welfare, economic vitality, and quality of life of its residents and businesses; and

**WHEREAS**, reliable direct transportation connections between Prince of Wales Island communities and the regional center of Ketchikan are essential to maintaining access to medical services, pharmacies, government services, education, commerce, family and tourism travel, and community life; and

**WHEREAS**, for more than twenty (40) years Taquan Air has provided direct point to point, non-stop, air service between Ketchikan and Thorne Bay and has served as a vital part of the broader Prince of Wales Island transportation network; and

**WHEREAS**, Taquan’s direct air service has supported the movement of passengers, mail, critical freight, medicine, animals and pets, breakdown parts, essential goods, and time sensitive business shipments while providing Thorne Bay residents, businesses, and visitors with reliable and efficient transportation between Thorne Bay and the regional transportation hub Ketchikan. Thorne Bay businesses and community members rely on the convenience of service providers in Ketchikan including NAPA Auto Parts, O’Reilly Auto Parts, Island Pharmacy, Walmart, Island To Island and Stone Tree Veterinary Clinics, Safeway, Peace Health, A&P Market, Madison Lumber & Hardware, Tongass Business Center, mechanical and electrical contractors, and other service providers for important shipments ; and

**WHEREAS**, the availability of dependable direct air transportation plays an important role in supporting medical travel for residents seeking healthcare services in Ketchikan and beyond, facilitating school travel and educational activities, supporting family travel and community events, enabling tourism and visitor access, and encouraging inward investment and economic activity in the Thorne Bay and Prince of Wales Island region; and

**WHEREAS**, Taquan’s transportation network also contributes to the reliability of mail delivery, critical freight movement, and small business logistics that are essential to the daily functioning of island communities; and

**WHEREAS**, Taquan has made a commitment to the City of Thorne Bay that if inclement weather delays mail delivery by air transportation it will implement a ground transportation delivery the following day to improve the delivery service of USPS Mail and freight to Thorne Bay; and

**WHEREAS**, the continued financial and operational viability of Taquan Air’s current 11-destination scheduled air service network throughout Prince of Wales Island depends upon maintaining a broad-based and efficient transportation system supported by sufficient mail, passenger, and freight volume across the network, and the loss of mail service to communities such as Thorne Bay, Coffman Cove, Whale Pass, and Naukati would jeopardize the infrastructure, jobs, flight frequency, direct scheduled service to Ketchikan, and critical freight capability necessary to sustain air service not only for Thorne Bay, but for other Prince of Wales communities as well;

**WHEREAS**, with the loss of USPS Mail Taquan Air will be forced to discontinue scheduled service to Thorne Bay, Coffman Cove, Naukati, and Whale Pass, the resulting loss of network efficiency and supporting revenue would likely make it impossible to economically sustain scheduled service to other remote Prince of Wales Island communities, including Point Baker, Port Protection, Edna Bay, Kasaan, and Meyers Chuck, thereby reducing essential transportation access across the island and other points as a whole; and

**WHEREAS**, a proposal has been advanced by Alaska Seaplanes/Island Air, a Juneau based company, to restructure this transportation system by placing Thorne Bay at the end of a hub-and-spoke transportation model centered on Ketchikan and the Klawock Airport by replacing direct air service with a series of transfers involving the Post Office in Ketchikan, the Ketchikan Airport Ferry, sorting and transfers at the Ketchikan Airport, a flight to Klawock Airport, sorting and transfers to vehicles, and subsequent roadway transportation issues during inclement winter months between Klawock and Thorne Bay; and

**WHEREAS**, each additional transfer and infrastructure dependency increases the likelihood of service failures, delays, weather disruptions, roadway interruptions, ferry disruptions, missed connections, damaged freight, delayed mail and reduced reliability for businesses and residents who depend upon timely transportation; and

**WHEREAS**, the City of Thorne Bay believes that the local communities should have a meaningful voice in the transportation and mail service decisions that directly affect their economic survival, public access, local jobs in Thorne Bay and quality of life, and that the community preference should be given substantial weight by the United States Postal Service, the Alaska Department of Transportation, the US Department of Transportation, and other relevant agencies; and

**WHEREAS**, preserving direct service by a longstanding local and regional operator is in the public’s best interest because it promotes transportation resilience, supports local jobs in Thorne Bay and on Prince of Wales Island, preserves competition, protects the broader Prince of Wales Network and smaller communities, and avoids over-reliance on a single outside carrier or centralized ground transfer model; and

**WHEREAS**, the loss of US mail will cause the elimination of Taquan Air as a scheduled carrier serving Thorne Bay and the greater Prince of Wales Island, would reduce competition and could create a monopoly position for Alaska Seaplanes/Island Air, a Juneau based company, to the detriment of local choice, competitive pricing, service reliability, and transportation independence of Prince of Wales communities; and

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Thorne Bay, Alaska hereby affirms its strong support for Taquan Air and its longstanding commitment to provide direct point-to-point mail, freight, and passenger air service between Ketchikan and Thorne Bay; and

**BE IT FURTHER RESOLVED** that the City Council recognizes the importance of maintaining reliable and efficient direct transportation connections that support the health, safety, economic activity, and daily life of the residents of Thorne Bay and the surrounding Prince of Wales Island communities; and

**BE IT FURTHER RESOLVED** that the City Council encourages transportation planning and service decisions affecting the community to give full consideration to the operational realities of island transportation systems and the importance of minimizing unnecessary transfers and infrastructure dependencies that may reduce reliability for passengers, mail delivery, and freight movement; and

**BE IT FURTHER RESOLVED** that the City Council respectfully urges federal, state, and postal authorities, as well as other relevant agencies and transportation planners, to carefully consider the value and proven reliability of the existing direct air service network serving Thorne Bay; and

**BE IT FURTHER RESOLVED** that copies of this resolution shall be transmitted to the United States Postal Service, the Alaska Department of Transportation and Public Facilities, the Alaska Congressional Delegation, the U.S. Department of Transportation and other appropriate agencies and stakeholders involved in transportation and mail service planning affecting Prince of Wales Island communities.

**PASSED AND APPROVED** by a duly constituted quorum of the City Council of the City of Thorne Bay, Alaska, this \_\_\_\_ day of April, 2026.

\_\_\_\_\_  
Timber Pesterfield, Mayor Pro Tempore

ATTEST:

\_\_\_\_\_  
Caitlyn Sawyer, City Clerk / Treasurer



**CITY OF THORNE BAY  
RESOLUTION 26-04-07-02**

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA, APPROVING THE RENEWAL OF A SHORT-TERM 12-MONTH LEASE WITH SEARHC FOR LEASE OF CITY OWNED FACILITY IDENTIFIED AS UNIT "B" OF THE CITY HALL BUILDING LOCATED AT 120 FREEMAN DRIVE, FOR THE PURPOSES OF OPERATING A HEALTH CLINIC

**WHEREAS**, the City Council is the governing body of the City of Thorne Bay; and

**WHEREAS**, the current lease between SEARHC and the City is set to expire April 30, 2026; and

**WHEREAS**, the Thorne Bay Municipal Code 2.56.240-provides that negotiated leasing may be conducted with a single prospective lessee or renter through the use of resolution; and

**WHEREAS**, SEARHC has been in good standing with the City as a yearlong tenant; and

**WHEREAS**, it is in the City's best interest to retain SEARHC as a year-round, tenant until April 30, 2027.

**NOW THEREFORE, BE IT RESOLVED** that the City Council for the City of Thorne Bay hereby approves a noncompetitive 12-month short term lease, effective May 1, 2026 through April 30, 2027, for the rental of city owned facilities identified as unit "B" of the Thorne Bay City Hall building located at 120 freeman drive, for the purposes of operating a Health Clinic

**PASSED AND APPROVED** this 7<sup>th</sup> day of April 2026, by a duly constituted quorum of the City Council with a vote of \_\_\_\_\_ yeas and \_\_\_\_\_ nays.

ATTEST:

\_\_\_\_\_  
Timber Pesterfield, Mayor Pro-tem

\_\_\_\_\_  
Caitlyn Sawyer, City Clerk/Treasurer

# RENTAL AGREEMENT

This Rental Agreement is entered into by and between the City of Thorne Bay, Alaska, P.O. Box 110, Thorne Bay, Alaska 99919 (hereinafter called the "CITY" and, SEARHC, (hereinafter called the "RENTER").

1. **Rented Premises.** The City does hereby Rent to the Renter Unit "B" of the Thorne Bay City Hall. See Attached Exhibit A on municipally owned property within the corporate boundaries of the City of Thorne Bay.

**Municipal Code, Title 2, Article III, Incorporated.** The provisions of "Title 2, Article III of the Thorne Bay Municipal Code shall apply to the terms of this Rental Agreement unless otherwise amended in this Rental Agreement.

2. **Term.** The term of this Rental Agreement shall be One (1) year(s) beginning May 1, 2026 and ending April 30, 2027. Monthly rental payments due the City shall commence prior to use of Rented Premises and continue throughout the term of this Rental Agreement. Renter shall have the option to renew this Rent for an additional period of time subject to renegotiations of Rent terms and payments acceptable to both the City and Renter. The option to renew and Rent for the additional period can only be effective upon approval by the Thorne Bay City Council. This option to renew shall be exercised by the Renter in writing sixty (60) days prior to the expiration of the original Rent term. The option to renew is specifically waived if not exercised in full compliance with this provision.

This Rental Agreement expires automatically on the last day of the One (1) year period absent the approval of a new Rental Agreement by the Thorne Bay City Council. Absent an approved Rental Agreement, the Renter shall vacate the premise on or before the ending date of this Rental Agreement.

In addition to any rights of the City to terminate this Rental Agreement as specified in this Rental Agreement, or as specified in the Thorne Bay Municipal Code, the City shall have all rights to terminate this Rental Agreement in accordance with any provision of applicable law.

3. **Monthly Rent Payment.** Renter covenants and agrees to pay City monthly Rent payments in the sum of Ten dollars per month rent plus utility fees of \$221.11 based on FY 25 average fees payable in advance on the first day of each month of the Rent term. (Utility fees to be adjusted if facility used as clinic more than one day per week). In the event any payment required to be made pursuant to this Rental Agreement is more than ten (10) days past due, late payments shall be assessed a 0.87% finance charge (10.5% ARP) per annum on such past due amount will be assessed and charged to Renter by City. At the expiration of the one-year

# RENTAL AGREEMENT

term the monthly Rent payment shall be reviewed and adjusted in accordance with the provisions of Section 2.56.210 of Title 2, Article III of the Thorne Bay Municipal Code.

4. **Deposits.** Renter shall deposit with the City an amount equal to     N/A    . Upon termination of the Rental Agreement the Renter shall vacate the premise leaving it in the same clean condition as presented at the time said Rental Agreement was initiated. If the premise is in need of cleaning, repairs or the Renter is in default in payments said deposit shall be used to offset such costs. In the event the Rented Premise is clean and in need of no repairs the deposit will be refunded in full. First and last month may be waived in lieu of improvements to the Rented Premises or other City Facilities as provided by Renter per "Exhibit A", Unit "B".
5. **Use.** Renter shall use the Rented Premises for the purposed of maintaining and operating there on, Medical Services/Human Health Services. The Rented Premises shall be used for no other purposes without the prior written consent of City.
6. **Utilities and Fees.** The City will provide Water, Sewer, Garbage, Heat, Electrical, snow removal service, except for walkways accessing the entrances for Unit "B". Renter shall pay the monthly utility fees as stated in Section 3. Renter shall be responsible for phone and internet service installation and monthly fees. Renter may contract with the City for minimal janitorial service.
7. **Repairs, Maintenance and Compliance with Laws.** Renter shall maintain the Rented Premises at Renter's sole cost and expense and at all times keep the Rented Premises neat, clean and in a sanitary condition. Renter shall keep and use the Rented Premises in accordance with applicable laws, ordinances, rules, regulations and requirements of all governmental authorities. Renter shall permit no waste, damage or injury to the Rented Premises. Renter's use of the Rented Premises in violation of any law or regulation of any governmental entity related to public health or safety or environmental pollution shall be a material breach of the Rental Agreement and grounds for City's termination of the Rental Agreement. Renter is required to obtain authorization from the City for construction of any and all structures placed on or in the Rented Premises.
8. **Signs, Alterations and Improvements.** All signs or symbols placed on or about the Rented Premises shall be subject to City's prior written approval. After prior written consent of City, Renter may make alterations and improvements to the Rented Premises, at Renter's sole cost and expense. City may elect to require Renter to remove any such alterations and improvements upon termination of this

# RENTAL AGREEMENT

Rental Agreement at Renter's sole cost and expense. Any of Renter's improvements remaining on the Rented Premises longer than thirty (30) days after Renter's possessors rights to the Rented Premises have expired shall become Rented Premises of City.

9. **Insolvency.** In the event Renter becomes insolvent, bankrupt or if a receiver, assignee or other liquidating officer is appointed for the business of Renter, City, in City's sole discretion may immediately terminate this Rental Agreement and require that Renter vacate the Rental Premises.
10. **Subletting or Assignment.** Renter shall not sublet the whole or any part of the Rented Premises nor assign this Rental Agreement without the prior written consent of City. This Rental Agreement shall not be assignable by operation of law. All terms and conditions of the Rental Agreement shall be binding upon any sub Renter or assignee of this Rental Agreement and Renter shall remain fully responsible to City for performance of this Rental Agreement.
11. **Permits and Compliance with Law.** Renter shall obtain all necessary local, state and federal permits necessary for the operation of Renter's business and shall comply with all local, state and federal laws, rules and regulations.

Failure to comply with any requirements of this section shall constitute a material breach of the Rental Agreement. Failure to remedy the violation within 30 days will result in the City's termination of the Rental Agreement. Absent an approved Rental Agreement, the Renter shall vacate the premise immediately.

12. **Insurance.** General Liability Insurance: The Renter shall procure and maintain during the life of this agreement, General Liability Insurance on an "occurrence basis" with limits of liability not less than \$1,000,000 per occurrence and /or aggregate combined single limit, personal injury, bodily injury and property damage.

Proof of Insurance shall be provided to City within thirty (30) days after the parties have executed this agreement and prior to public use of said premises. City shall be notified at least thirty (30) days before the cancellation or termination of any policy.

City shall be named as additional insured.

13. **Accidents and Liability.** City or its agent shall not be liable for any injury or damage to the persons or property sustained by Renter or others, in and about the Rented Premises.

# RENTAL AGREEMENT

14. **Indemnification and Waiver of Subrogation.** To the fullest extent permitted by law, the Renter agrees to defend, indemnify and hold harmless the City, its elected and appointed officials, employees and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this agreement.

To the extent permitted by law, the Renter hereby re-Rents the City, its elected and appointed officials, employees and volunteers from any and all liability or responsibility to the Renter or anyone claiming through or under the Renter by way of subrogation or otherwise, for any loss or damage to the property caused by fire or any other casualty, even if such fire or other casualty shall have been caused by the fault or negligence of the City, its elected or appointed officials, employees or volunteers. This provision shall be applicable and in full force and effect only with respect to loss or damage occurring during the time of the Renter's occupancy or use.

Renter understands that the City accepts no responsibility whatsoever for loss of, or damage to Renter's property.

15. **Removal of Renter's Property and Repair of Rented Property.** All fixtures and equipment of whatsoever nature, that Renter shall have acquired and installed upon Rented premises, whether permanently affixed or otherwise, shall continue to be the property of the Renter and must be removed by the Renter at the expiration or termination of this Rental Agreement; and at its own expense, Renter shall repair any injury to Rented Premises resulting from such removal. Renter shall remove all fixtures and equipment, and make all repairs, within thirty days of the date the Renter vacates Rented Premises. If the Renter fails to remove its, fixtures, and equipment, and fails to make the necessary repairs, the City may do so, and seek reimbursement from the Renter for the full amount of the repairs, without any deduction for the value of any, fixtures, or equipment left on the premises by the Renter. If City determines that it is in City's best interest to acquire the improvements, it may negotiate to purchase Renter's fixtures, and equipment at a price equal to or less than fair market value.

16. **Taxes.** Renter shall be solely and fully responsible for the payment of all taxes due to the Federal, State or Local Government (if applicable).

17. **Liens.** Renter shall maintain Rented Premises free of any and all liens. Renter will not permit any mechanics', laborers' or materialmen's liens to stand against the Rented Property or improvements for any labor or materials furnished to Renter or claimed to have been furnished to Renter, or to Renter's agents, contractors, or sub-Renters, in connection with work of any character performed or claimed to

# RENTAL AGREEMENT

have been performed on Rented premises or improvements by or at the direction or sufferance of Renter; provided, however, Renter shall have the right to contest the validity or amount of any such lien or claimed lien, In the event of such contest, Renter shall give to the City such reasonable security as may be demanded by the City to insure payment of such lien or such claim of lien. Renter will immediately pay any judgment rendered with all proper costs and charges and shall have such lien re-Rented or judgment satisfied at Renter's own expense. Renter agrees to indemnify, hold harmless and to defend the City and Rented premises from such liens. Renter consents to the City's recording of and posting of a statutory notice of non-responsibility in accordance with Alaska Statute 34.35.065

18. **Default by Renter.** Each of the following shall be deemed a default by the Renter and a breach of the Rental Agreement:
- (a) A failure to make payment of any installment, of rent or of any other sum herein specified to be paid by Renter, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to make payment;
  - (b) Upon shut off of utilities;
  - (c) A default in the performance of any other covenant or condition on the part of the Renter to be performed for a period of thirty (30) days after receipt by Renter of a notice specifying the particular default or defaults;
  - (d) The filing of a petition by or against Renter for adjudication as a bankrupt, or for reorganization or arrangement within the meaning of the Bankruptcy Act;
  - (e) The dissolution or the commencement of any action or proceeding for the dissolution or liquidation of the Renter or for the appointment of a receiver or trustee of Rented Premises of the Renter;
  - (f) The taking possession of Rented Premises of the Renter by any governmental officer of agency pursuant to statutory authority for the dissolution of liquidation of the Renter;
  - (g) The making by the Renter of an assignment for the benefit of creditors;
  - (h) Renter vacates or abandons the Rented Premises; and
  - (i) A failure that continues for five (5) days or more to have the City named as an additional insured as required under paragraph 18, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to name the City as an additional insured.

The specification of events constituting default by the Renter in this Section, are in addition to any defaults specified in the Thorne Bay Municipal Code.

# RENTAL AGREEMENT

19. **City's Remedies for Default.** In the event of any default of the Renter, the City shall have the following rights and remedies – all in addition to any rights or remedies that may be given to the City by statute, common law, or under Thorne Bay Municipal Code.
- (a) Distraint for rent due and subsequent sale of chattels so distrained. The sale of any such chattels shall be in accordance with the procedure set forth in Alaska Statutes.
  - (b) Re-enter Rented Premises and take possession thereof, remove all persons therefrom, and remove Renter's property therefrom and store it in a public warehouse or elsewhere at the cost of Renter, all without service of notice or resort to legal process (all of which Renter expressly waives) and without becoming liable for trespass, forcible entry, detainer, or other tort or for any loss or damage which may be occasioned thereby;
  - (c) Declare the Term ended;
  - (d) Re-let Rented premises in whole or in part for any period equal to or greater, or less, than the remainder of the Term for any sum which is commercially reasonable;
  - (e) Cure any such default, if possible, and demand immediate payment until all costs incurred in curing the default have been reimbursed fully, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska;
  - (f) Collect all reasonable damages, costs and expenses that the City may incur by reason of default by Renter, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska.
  - (g) The City shall use reasonable diligence to re-let Rented Premises in or to mitigate the City's damages, consistent with the uses of Rented Premises, and all applicable Thorne Bay code provisions related to this Rent and Rented Premises.
20. **Rights and Remedies.** Except insofar as this is inconsistent with or contrary to any provision of this Rent, no right or remedy herein conferred upon reserved to the City or Renter is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.
21. **Waiver.** Except to the extent that a party may have otherwise agreed in writing, no waiver by a party of any breach by the other party of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation.

# RENTAL AGREEMENT

Nor shall any forbearance by a party to seek a remedy for any breach of the other party be deemed a waiver of its rights or remedies with respect to such breach.

22. **Changes.** No modifications, amendments, deletions, additions or alterations of the Rent Agreement shall be effective unless in writing and signed by all of the parties hereto and such representatives of the parties as have been duly authorized to make such changes.
23. **Joint Product.** The language set out in this Rental Agreement represents the joint product of the parties and shall not be construed against one party in favor of the other. Each party hereto has had the option of seeking the advice of legal counsel in the drafting of this Rental Agreement, and the rule of construction favoring construction against the drafter shall not apply. Renter acknowledges and agrees that Renter has not received any legal advice from the City's attorney or from anyone associated with the City.
24. **Authority.** The parties and their undersigned representatives warrant that they have full authority to enter into this Rental Agreement and to execute this Rental Agreement.
25. **Hazardous Materials.** The Renter shall not permit, store, manufacture or dispose on Rented Premises any hazardous material or controlled substance as determined by federal, state, or municipal statutes or laws now or at any time hereafter in effect, including but not limited to, the Comprehensive Environmental Response, Compensation and liability Act (42 U.S.C. 9601 et seq.), the Hazardous materials Transportation Act (42 U.S.C. 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Clean Air Act (42 U.S.C.7401 et seq.), the Toxic Substance Control Act, as amended (15 U.S.C. 2601 et seq.), and the Occupational Safety and Health Act (29 U.S.C. 651et seq.), and Title 46 of the Alaska Statutes as these laws have been and may hereafter be amended or supplemented. "Hazardous Substance" means any pollutant, contaminant, toxic substance, flammable, explosive, radioactive material, urea formaldehyde foam insulation, asbestos, PCB's or any other substance the removal of which is required, or the manufacture, preparation production, generation, use maintenance, treatment, storage, transfer, handling or ownership of which is restricted , prohibited, regulated or penalized by any and all federal, state, or municipal statutes or laws now or at any time hereafter in effect. Hazardous material shall not include cleaning supplies used in the routine daily cleaning and operation of a restaurant.
26. **Acceptance of the Rented Property by Renter.** Renter acknowledges that it has thoroughly examined Rented Premises. Renter accepts Rented Premises in their

# RENTAL AGREEMENT

“AS IS” condition, and the City shall not be required to perform any work to prepare Rented Premises for the Renter. Renter’s taking possession of Rented Premises shall be conclusive evidence against it that, at the time possession was taken, Rented Premises were in good and satisfactory condition. Renter acknowledges that, except for those representations and statements regarding the condition of Rented Premises expressly stated herein, Renter has not relied upon any representations or statements of the City or its representatives or agents regarding the condition of Rented premises or their suitability for Renter’s uses under this Rent.

27. **Attorneys’ Fees and Costs.** Should any dispute and/or legal action arise by reason of any default or breach on the part of Renter in the performance of any of the provisions of the Rental Agreement, Renter agrees to pay all reasonable attorneys’ fees and costs incurred by City in connection therewith including City’s attorneys’ fees and costs incurred on appeal. It is agreed that the venue of any legal action brought under the terms of this Rental Agreement will be the First Judicial District, at Ketchikan, Alaska. Renter specifically agrees that venue for trial in any action related to this Rent shall be in Craig, Alaska.
28. **No Waiver of Covenants.** Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future or similar breach. This Rental Agreement contains all the agreements between the parties, and there shall be no modification of the agreements contained herein except by written instrument signed by both parties.
29. **Surrender of Rented Premises.** Upon termination of this Rental Agreement, Renter agrees to peacefully quit and surrender the Rented premises without notice, remove all of Renter’s personal property and leave the Rented premises neat and clean. If City elects to require Renter to remove any alterations or improvements made by Renter, then Renter shall restore the Rented Premises to their previous condition, at Renter’s sole expense.
30. **Binding on Heirs, Successors and Assigns.** The covenants and agreements of this Rental Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of both parties thereto, except as hereinabove provided, and as allowable by law.
31. **Notice.** Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, addressed to City at P.O. Box 19110, Thorne Bay, Alaska 99919, or the Renter at, \_\_\_\_\_, or at such other address as either party may designate in writing to the other.

# RENTAL AGREEMENT

32. **City's Right of Entry.** The City shall have the right to enter Rented premises at all reasonable times to examine the condition of same.

IN WITNESS WHEREOF, the parties hereto have executed this Rental Agreement as of the date first set above written.

CITY:

RENTER:

THE CITY OF THORNE BAY

By \_\_\_\_\_  
Timber Pesterfield, Mayor Pro-Tem "City"

By \_\_\_\_\_  
SEARHC

ATTEST:

\_\_\_\_\_  
Caitlyn Sawyer, City Clerk



**RESOLUTION 26-04-07-03  
CITY OF THORNE BAY**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF THORNE BAY, NOMINATING AMY KILLIAN TO SERVE ON THE INTER-ISLAND FERRY AUTHORITY (HEREINAFTER "IFA") BOARD OF DIRECTORS AS THE REPRESENTATIVE FOR THORNE BAY**

**WHEREAS**, the City Council is the Governing Body for the City of Thorne Bay; and

**WHEREAS**, the City of Thorne Bay representative to the Inter-Island Ferry Authority Board of Director seat, recently filled by Harvey McDonald has been vacated as of June 24, 2025; and

**WHEREAS**, in accordance with the By-Laws of the Inter-Island Ferry Authority, the City of Thorne Bay must reappoint the current representative or appoint a new representative by providing official documentation in the form of meeting minutes or resolution of that action to the IFA Board; and

**WHEREAS**, Amy Killian has expressed interest in serving as Thorne Bay's Representative; and

**WHEREAS**, the City Council feels it to be in the best interest of the community to nominate Amy Killian to serve a four-year term on the IFA Board of Directors.

**NOW, THEREFORE, BE IT RESOLVED** that the Mayor and City Council of the City of Thorne Bay, Alaska, hereby nominates Amy Killian, to serve on the IFA Board of Directors as the Representative for the City of Thorne Bay for the term covering July 1, 2026, to June 30, 2030.

**PASSED AND APPROVED** by the City Council of the City of Thorne Bay, Alaska this 7<sup>th</sup> day of April 2026, with a vote of \_\_\_\_ Yea's and \_\_\_\_ Nay's

\_\_\_\_\_  
Timber Pesterfield, Mayor Pro-Tempore

ATTEST:

\_\_\_\_\_  
Caitlyn Sawyer, City Clerk



Inter-Island Ferry Authority  
Po Box 495  
Craig, Alaska 99921

March 31, 2026

City of Thorne Bay  
Mayor Pro Tempore Timber Pesterfield  
Po Box 19110  
Thorne Bay, Alaska 99919

Re: Thorne Bay's Board of Directors Seat Expiring

Dear Mayor Pro Tempore Pesterfield,

This letter is to inform you that the City of Thorne Bay representative to the Inter-Island Ferry Authority seat, presently held by Amy Killian, will expire on June 30, 2026. Currently Mrs. Killian is interested in continuing her service to Thorne Bay on the Board. In accordance with the bylaws of the Inter-Island Ferry Authority, the City must either reappoint Mrs. Killian or appoint a new representative before the Regular Board of Directors meeting in June of 2026 and provide official documentation in the form of meeting minutes or a resolution of that action to the IFA Board Chair, Jeff Nickerson, and myself. Our contact information can be found below.

Mrs. Killian will remain in office until she is reappointed, or a new representative is chosen. If you wish to submit a nominee but cannot make the deadline of May 30, 2026, please inform me immediately. Board appointments are for four years and will expire on June 30, 2030.

Please do not hesitate to contact me if you have any questions.

Sincerely,

Johanna Thayer  
Administrative Director  
907-313-8882  
[jlambeth@interislandferry.com](mailto:jlambeth@interislandferry.com)

Jeff Nickerson  
Chairman of the Board  
[jnickerson@interislandferry.com](mailto:jnickerson@interislandferry.com)



MAR 12 2026

### City of Thorne Bay Land Lease Application

City of Thorne Bay

Application for:  New Lease  
 Amendment  Extension  
 Assignment  Renewal

Application Date:

#### Applicant Information

Name of Applicant:	EQUINOX AIR, LLC TIMBER PESTERFIELD, OWNER/MANAGER				
Mailing Address:	PO Box 19464	City:	THORNE BAY	State:	AK
Phone Number(s):	Home Phone:	Work/ Message Phone:	907-821-4430		
E-mail: (Optional)	EQUINOXAIR@OUTLOOK.COM				
Name to Appear on Lease:	EQUINOX AIR, LLC				
Mailing Address:	SAME AS ABOVE	City:		State:	
Phone Number(s):	Home Phone:	Work/ Message Phone:			
E-mail: (Optional)					
Type of Applicant:	<input type="checkbox"/> Individual (at least 18 years of age) <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation <input type="checkbox"/> Government <input checked="" type="checkbox"/> Limited Liability Company (LLC) <input type="checkbox"/> Other _____				

#### Property Information and Term Requested

Legal description of property (or, if subdivision is required, a brief description of property): 3000 SF OR MORE OF NW CORNER OF PARKING AREA ACROSS FROM CHURCH TOWARD ANDERSON LODGE FOR NON-PERMANENT D-LOG CABIN

Does the property require subdivision? (if Yes, answer next two questions) YES  NO

Subdivision costs are the responsibility of the applicant unless the City Council determines a subdivision serves other City purposes:

1. Do you believe the proposed subdivision would serve other City purposes? YES NO

2. Are you prepared to be responsible for all costs associated with subdivision? YES NO

If an appraisal is required to determine the minimum price on the land, are you prepared to be responsible for the deposit to cover costs associated with appraisal? YES NO  
(The cost of the appraisal will be either refunded or credited toward the purchaser at closing)

Are you prepared to be responsible for recording costs associated with lease execution?  YES NO

Do you have or have you ever had a Lease with the City? (if Yes, answer next question) YES  NO

1. Legal or brief description of property leased: 3000 SF OR MORE OF NW CORNER OF PARKING AREA ACROSS FROM CHURCH TOWARD ANDERSON LODGE TO PUT SMALL D-LOG OFFICE BUILDING

Requested term for Initial Lease or Renewal: 1-5 YRS

Requested term for Lease Extension:

Requested Starting Date: 1 MAY 2026

**Proposed Use and Improvements**

Proposed Use (check one):  Aeronautical |  Non-Aeronautical

Do you plan to construct new or additional improvements? (if Yes, answer next five questions) YES  NO

1. Will the improvement change or alter the use under an existing lease? YES  NO

2. What is the proposed use of the improvement?

3. What is the estimated value of the improvement?

4. What is the nature and type of improvement?

5. What are the dates construction is estimated to commence and be completed?  
(generally, construction must be completed within two years)

Estimated Start Date:

Estimated Completion Date:

Describe the proposed business or activity intended: AIR TAXI OFFICE, LIGHT RETAIL, AND ASSOCIATED PARKING

How does the proposed lease support a thriving business, residential, recreational, or cultural community?  
SUPPORTS EQUINOX AIR, A THRIVING FLOATPLANE BUSINESS

Lease Assignment Only: What is the name of the individual or legal entity the lease is to be assigned?

**Lease Renewal Only**

Renewal of an Existing Lease (at least one year of term remaining): Requires new development.

Lease Term based on: Estimated cost of new improvements and  Purchase Price (optional)


Renewal of an Expiring Lease (less than one year of term remaining): Does not require new development.

Lease Term based on:  Purchase Price  Professional Estimate of Remaining Useful Life

Fair Market Value appraisal and/or  Estimated cost of new improvements (optional)

Requested Term for Renewal Based on Term Table, not to exceed 45 Years:

Submitting an application for a lease does not give the applicant a right to lease or use the land requested in the application. The application shall expire twelve (12) months after the date the application has been made if the City and the applicant have not, by that time, entered into a lease, unless the City Council for good cause grants an extension for a period not to exceed six (6) months. The City has no obligation to amend, renew or extend a lease and may decline to do so upon making specific findings as to why a lease renewal, extension, or amendment is not in the best interest of the City

Signature:		Date:	3/12/26
Print Name:	TIMBER PESTERFIELD	Title:	

For City Use Only:	Date Application Fee Received:	_____
<input type="checkbox"/> Downtown Business District Area	Date Application Determined Complete:	_____
<input type="checkbox"/> Sort Yard	30-Day Notice Publication Date:	_____
<input type="checkbox"/> Other: _____	City Council Action:	_____



**For Office Use Only**

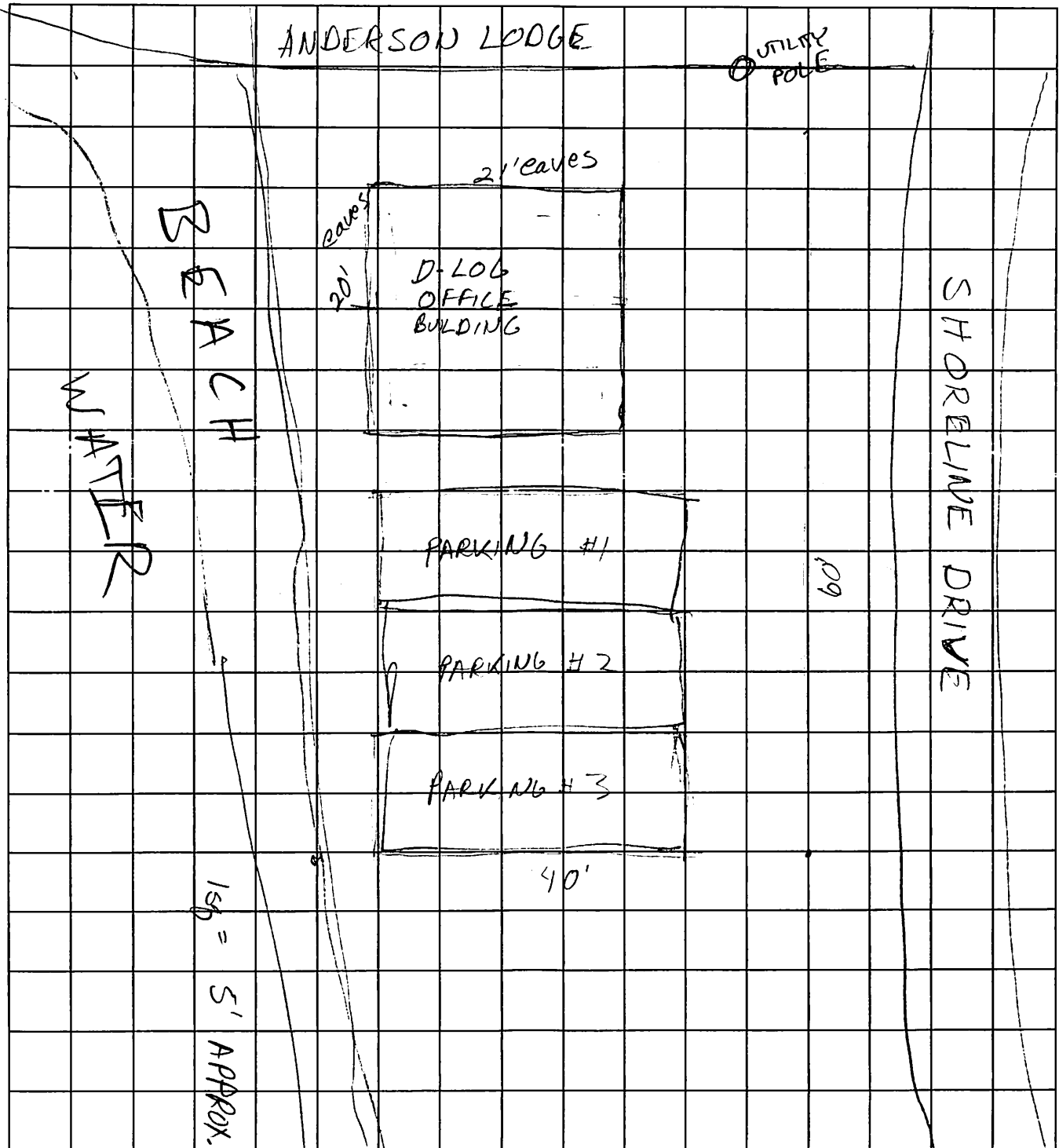
Application No: \_\_\_\_\_

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

Approved: \_\_\_\_\_

Denied: \_\_\_\_\_

**DEVELOPMENT PLAN** Per Section 15.04.020 of the Thorne Bay Municipal Code Buildings and Construction. Use the space below to draw a map of the site, providing the following information as listed below and in Thorne Bay Municipal Code 15.04.020. The State of Alaska Department of Commerce aerial maps with property lines are a useful tool to assist with developing the map.





**CITY OF THORNE BAY  
RESOLUTION 26-04-07-05**

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA, APPROVING THE RENEWAL OF SHORT-TERM LEASE WITH EQUINOX AIR FOR LEASE OF CITY OWNED PROPERTY FOR A TERM OF 5-YEARS, EXPIRING MAY 31, 2031.

**WHEREAS**, the City Council is the governing body of the City of Thorne Bay; and

**WHEREAS**, the Thorne Bay Municipal Code 2.56.240-provides that negotiated leasing may be conducted with a single prospective lessee or renter through the use of resolution; and

**WHEREAS**, the City Council discussed and approved of the submitted application for lease of municipal property; and

**WHEREAS**, the lease terms include a monthly lease rate of \$140 per month or \$1680 annually, for unsurveyed lands next to the Anderson Lodge , containing a total of 2800 square feet; and

**WHEREAS**, it is in the City's best interest to attain Equinox Air as a "renter" under the terms of a 5-year short-term lease.

**NOW THEREFORE, BE IT RESOLVED** that the City Council for the City of Thorne Bay hereby approves the short-term lease, effective April 7, 2026, through May 31, 2031, for the rental of city owned lands.

**PASSED AND APPROVED** this 7<sup>th</sup> day of April 2026, by a duly constituted quorum of the City Council with a vote of \_\_\_ Yeah, \_\_\_ Nays & \_\_\_ Absent/Abstained.

ATTEST:

\_\_\_\_\_  
Anthony Lovell, Vice Mayor

\_\_\_\_\_  
Caitlyn Sawyer, City Clerk/Treasurer

## Equinox Air LEASE AGREEMENT

This Lease Agreement is made this 7<sup>th</sup> day of April 2026, by and between Equinox Air, LLC (hereinafter called “Lessee”) and the City of Thorne Bay (hereinafter called “Lessor”).

1. **Leased Premises.** Lessor does hereby lease to Lessee that certain unsurveyed parcel of real property measuring approximately eighty (80’) by thirty-five (35’) deep, located south of Shoreline Drive within Tract I, Alaska Tidelands Survey No. 1361-A, all within Section 27, Township 71 South, Range 84 East, Copper River Meridian, Ketchikan Recording District, First Judicial District, State of Alaska, consisting of 2,800 square feet, as depicted in Exhibit A, hereinafter referred to as “leased premises”.
2. **Municipal Code, Title 2, Article III, Incorporated.** The provisions of Title 2, Article III of the Thorne Bay Municipal Code shall apply to the term of this Lease Agreement and are attached hereto as Exhibit B and incorporated herein by reference.
3. **Term.** The term of this Lease shall be for a period of five years commencing on the 7<sup>th</sup> day of April 2026, and terminating on the 30<sup>th</sup> day of May, 2026. Lessee shall have the option to renew this lease for an additional three-year period subject to renegotiation of lease payments acceptable to both Lessor and Lessee. This option to renew shall be exercised by Lessee in writing sixty (60) days prior to the expiration of the original lease term. Lessee’s right to extend under this section is condition upon Lessee not being in default in performance of the terms and conditions of this lease.
4. **Monthly Lease Payment.** Lessee covenants and agrees to pay Lessor lease payments in the sum of One Thousand, Six Hundred Eighty and No/100 (\$1,680.00) per annum, payable monthly in installments of One Hundred Forty and No/100 (\$140.00) plus applicable sales tax in advance on the first day of each month of the lease term. In the event any payment required to be made pursuant to this Lease Agreement is more than ten (10) days past due, a late charge equal to twenty percent (20%) per annum on such past due amount will be assessed and charged to Lessee by Lessor.
5. **Use.** Lessee shall use the leased premises for the purposes of placing thereon, an office for Lessee’s business and for a parking area to be utilized by Lessee’s employees and customers. The leased premises shall be used for no other purposes without the prior written consent of Lessor. Failure to use the lease premises and to operate the business described herein for a period of three (3) consecutive months, or more, shall constitute a material breach of this Lease Agreement and grounds for Lessor’s immediate termination of this Lease Agreement.
6. **Utilities and Fees.** Lessee agrees to pay charges for all utilities, including but not limited to electricity, water, sewer, refuse collection, propane, fuel oil and telephone.
7. **Utility Service Extensions.** Lessee agrees pay utility fees as defined in Chapter 13 of the City of Thorne Bay Municipal Code. Lessee will be billed and will pay for such

- utilities, including but not limited to water, sewer, and refuse, on a monthly basis at the regularly published rate. Lessor agrees to allow Lessee to hook into Lessor's water and sewer systems. Lessee, at Lessee's sole cost and expense, will provide all necessary electric, water and sewer utility extensions placed within the Leased premises, to Lessor's curb stop for water and Lessor's lot boundary line for sewer, including any pumps which may be necessary. Lessor, at Lessee's sole cost and expense, will install the water from the curb stop to the water main and the sewer from the lot line to the water main and sewer from the lot line to the sewer main. Lessee's water and sewer extensions must be in accordance with the Thorne Bay Municipal Code, Chapters 13.04 and 13.08, as amended. Lessee will be billed and will pay for such water and sewer service on a monthly base at the regularly published water and sewer rates. All services extensions will be subject to Lessor's inspection and approval prior to Lessor providing water and sewer services.
8. **Repairs, Maintenance and Compliance with Laws.** Lessee shall maintain the leased premises at Lessee's sole cost and expense and at all times keep the leased premises neat, clean and in a sanitary condition. Lessee shall keep and use the leased premises in accordance with applicable laws, ordinances, rules, regulations and requirements of governmental authorities. Lessee shall permit no waste, damage or injury to the lease premises. Lessee's use of the lease premises in violation of any law or regulation of any government entity related to public health or safety or environmental pollution shall be a material breach of this Lease Agreement and grounds for Lessor's termination of this Lease Agreements.
  9. **Signs, Alternations and Improvements.** All signs or symbols placed on or about the leased premises shall be subject to Lessor's prior written approval. After prior written consent of Lessor, Lessee may make alterations and improvements to the leased premises, at Lessee's sole cost and expense. Lessor may elect to require Lessee to remove any such alterations and improvements upon termination of this Lease Agreement at Lessee's sole cost and expense. Any of Lessee's improvements remaining on the leased premises longer than thirty (30) days after Lessee's possessory rights to the leased premises have expired shall become the property of Lessor.
  10. **Liens and Insolvency.** Lessee shall keep the leased premises free from any liens arising out of any work performed for, materials furnished to or obligations incurred by Lessee, and shall hold Lessor harmless against the same. In the event Lessee becomes insolvent, bankrupt or is a receiver, assignee or other liquidating officer is appointed for the business of Lessee, Lessor, in Lessor's sole discretion, may immediately terminate this Lease Agreement and require that Lessee vacate the leased premise.
  11. **Subletting or Assignment.** Lessee shall not sublet the whole or any part of the leased premises nor assign this Lease Agreement without the prior written consent of Lessor. This Lease Agreement shall not be assignable by operation of law. All terms and conditions of this Lease Agreement shall be binding upon any sublease or assignee of this Lease and Lessee shall remain fully responsible to Lessor for performance of this Lease Agreement.
  12. **Permits and Compliance with Law.** Lessee shall obtain all necessary local, state and federal permits necessary for constructing the business on the leased premises and for operation of Lessee's business and shall comply with all local, state and federal laws, rules and regulations.

13. **Accidents and Liability.** Lessor or its agent shall not be liable for any injury or damage to the persons or property sustained by Lessee or others, in and about the leased premises. Lessee agrees to defend and hold Lessor and its agents harmless from any claim, action and/or judgment for damages (including payment for Lessor's attorneys' fees and costs) to property or injury to persons suffered or alleged to be suffered, arising out of or in connection with the use or occupancy of the leased premises by any person, firm or corporation, unless caused by Lessor's negligence.
14. **Indemnification.** Lessee agrees to defend and hold Lessor and its agents harmless from claim, action and/or judgment for damages (including payment for Lessor's attorneys' fees and costs) to the public health or safety or environment suffered or alleged to be suffered, arising out of or in connection with the use or occupancy of the leased premises by Lessee. Lessee shall be solely responsible for all cleanup and costs of cleanup (including any fines) which may be assessed by state or federal agencies arising out of any environmental pollution suffered or alleged to be suffered, arising out of or in connection on with the use or occupancy of the leased premises by Lessee.
15. **Insurance.** Lessee shall purchase and maintain in effect throughout the entire lease term, commercial general liability insurance in an amount no less than \$1,000,000 and shall provide Lessor with certificates of insurance naming Lessor as an additional insured.
16. **Attorneys' Fees and Costs.** Should any dispute and/or legal action arise by reason of any default or breach on the part of Lessee in the performance of any of the provisions of this Lease Agreement, Lessee agrees to pay all reasonable attorneys' fees and costs incurred by Lessor in connection therewith including Lessor's attorneys' fees and costs incurred on appeal. It is agreed that the venue of any legal action brought under the terms of this Lease Agreement will be the First Judicial District, State of Alaska.
17. **No Waiver of Covenants.** Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future or similar breach. This Lease Agreement contains all the agreements between the parties, and there shall be no modifications of the agreements contained herein except by written instruments signed by both parties.
18. **Surrender of Leased Premises.** Upon termination of this Lease Agreement, Lessee agrees to peacefully quit and surrender the leased premises without notice, remove all of Lessee's personal property and leave the leased premises neat and clean. If Lessor elects to require Lessee to remove any alterations or improvements made by Lessee, then Lessee shall restore the leased premises to their previous condition.
19. **Binding on Heirs, Successors and Assigns.** The covenants and agreements of this Lease Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of both parties hereto, except as hereinabove provided.
20. **Notice.** Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, and addressed to Lessor at:

City of Thorne Bay  
P.O. Box 19110  
Thorne Bay, Alaska 99919,

or to Lessee at

Equinox Air, LLC  
PO Box 19464  
Thorne Bay, Alaska 99919

or at such other address as either party may designate in writing to the other.

21. **Time is of Essence.** Time is of the essence of this Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement as of the date first above written.

LESSOR:

LESSEE:

THE CITY OF THORNE BAY

Equinox Air, LLC

\_\_\_\_\_  
Anthony Lovell, Vice Mayor      Date

\_\_\_\_\_  
Timber Pesterfield, Owner      Date

ATTEST:

\_\_\_\_\_  
Caitlyn Sawyer, City Clerk/Treasurer      Date