

MEETING OF THE ALASKA BOARD OF MARINE PILOTS

JANUARY 16-17, 2020

ORIGINATING FROM THE ALASKA ENERGY AUTHORITY BLDG
813 WEST NORTHERN LIGHTS BLVD., ANCHORAGE, AK 99503

ZOOM (WEB): <https://zoom.us/j/899003964>

TELECONFERENCE: 1-408-638-0968 OR 1-669-900-6833 OR 1-646-876-9923

MEETING ID: 899 003 964

MEETING AGENDA

January 16, 2020

	<u>TIME</u>	<u>TOPIC</u>	<u>LEAD PERSON</u>
	9:00 am	Call to Order – Roll Call	Mr. Thayer
1.	9:05 am	Review Agenda <ul style="list-style-type: none">• Declarations/Recusals• Approve agenda	Mr. Thayer
2.	9:10 am	Introduction of New MPC	MPC
3.	9:15 am	Approval of Minutes <ul style="list-style-type: none">• October 9, 2019	Mr. Thayer
4.	9:20 am	Public Comment	Mr. Thayer
5.	10:00 am	Board Business <ul style="list-style-type: none">• Review of Board actions since 9 Oct• Exam update• OnBoard for application review/voting check-in• Required documents for OnBoard app review?• Right touch regulation (Director Chambers)• Revenue/Expenditure Report (Director Chambers)	MPC
	12:00 pm	Lunch	
6.	1:30 pm	Correspondence	
7.	2:00 pm	National Oceanic & Atmospheric Administration (NOAA)	Mr. Buesseler
8.	2:30 pm	Executive Session/Applicant Interviews/Exam Discussion	Mr. Thayer
9.	3:15 pm	Approval of Deputy Marine Pilot Licenses	Mr. Thayer

January 17, 2020

	<u>TIME</u>	<u>TOPIC</u>	<u>LEAD PERSON</u>
	9:00 am	Call to Order – Roll Call	Mr. Thayer
10.	9:05 am	Investigative Report	Chief Francois
11.	9:45 am	Pilot Association Reports <ul style="list-style-type: none">• SEAPA<ul style="list-style-type: none">• Operating rules• Pilot staffing issue• Request for regulation change• SWAPA<ul style="list-style-type: none">• Request for regulation change• Bylaws• AMP<ul style="list-style-type: none">• Operating Agreement Update	Ass’n Reps
12.	11:00 am	Statute/Regulation Review <ul style="list-style-type: none">• 12 AAC 56.960(c) – 2nd Pilot Issue• AS 08.62.180(b) – FPC Length Overall	Mr. Thayer
	12:00 pm	Adjournment	Mr. Thayer

From: [Chambers, Sara C. \(CED\)](#)
To: [Chambers, Sara C. \(CED\)](#)
Cc: [Hoffard, Renee \(CED\)](#); [Walsh, Sharon J \(CED\)](#); [Foster, Melynda A \(CED\)](#)
Subject: welcome to Renee Hoffard
Date: Thursday, December 19, 2019 12:03:01 PM
Attachments: [Hoffard, Renee.pdf](#)

Dear board members:

Please help me welcome **Renee Hoffard, Executive Administrator for the Board of Marine Pilots (BMP) and Big Game Commercial Services Board (BGCSB).**

Renee has worked for our division for over five years, and she draws from a deep well of administrative experience in leading, managing, and organizing multiple licensing programs. During her time in the division, she has directly managed more than a dozen programs—including serving as primary staff for many licensing boards. For the last several months, she has been the lead records and licensing supervisor, taking on extra responsibilities and refining the licensing staff recruitment process. She is also a governor’s appointee on the statewide Alaska Mental Health Board.

As you may know, this position is officially structured as the Marine Pilot Coordinator (MPC). For the last many years, the MPC has taken on “other duties as assigned” during slower seasons. This is compatible with the activity of the Big Game Commercial Services Board, which will retain its licensing examiner. From an agency standpoint, it makes sense to be intentional and transparent about staff assignments, so we anticipate this arrangement will be a fantastic success. We will be using the working title Executive Administrator, which is consistent with the other six high-level licensing staff positions performing similar duties for various boards across the division. (Don’t worry if you refer to her as the MPC—that’s also correct!) Many thanks to board chairs Curtis Thayer and Henry Tiffany for their input and wisdom during this process.

Renee will train with Cori Hondolero and take over MPC duties at the January board meeting. She has already jumped into BGCSB duties, managing their December meeting.

If you have any questions, please let me know. And, thank you for your support.

Happy holidays,

Sara Chambers
Division Director

Alaska Division of Corporations, Business and Professional Licensing
Inspiring public confidence through balanced regulation of competent professional and business services

P.O. Box 110806, Juneau, AK 99811-0806

commerce.alaska.gov/web/cbpl

Phone: (907) 465-2144

FAX: (907) 465-2974

Fannie Renee Hoffard

Highlights

- A self-motivated professional with experience providing detailed and skillful support to division staff.
- Experience with reviewing proposed legislation and drafting bill analysis during intense legislative sessions
- Adept at accomplishing multiple tasks simultaneously and working well under pressure.
- Highly organized, analytical thinker with strong communication skills

Experience

RECORDS AND LICENSING SUPERVISOR | STATE OF ALASKA, COMMERCE AND COMMUNITY ECONOMIC DEVELOPMENT | JUNE 2017 - CURRENT

In my current position I am thoroughly familiar with statutes, regulations, board and division policies and procedures for assigned licensing areas; and have general familiarity with other licensing programs that I may be called upon to supervise. I oversee licensing examiner work product to ensure that mandatory requirements are being met, i.e., board meetings arranged timely, public notices issued timely, examinations conducted in accordance with national and state standards, security measures are enforced, board requests are followed through, etc. I provide advice to Licensing Boards to stay in compliance with State Government rules and regulations (for example, Executive Branch Ethics issues; establishing and adopting regulations, etc.) I also serve as an agency representative with professional organizations representing the various industries. On a regular basis, I interact with the public, licensees, applicants, other state agencies, legislative branch, media, ombudsman, etc. regarding the application process, interpretation of statutes, regulations, policies, procedures; or engage in discussion regarding the need to establish guidelines, or a method to take an immediate course of action. It is also my responsibility to track and analyze pending legislation, regulation projects, board concerns, projects or requests. Active participation in licensing activities is essential for setting appropriate policies and procedures, as well as offering effective supervision. Review of industry legislation that may have a potential impact to a regulated program and coordinated appropriate communication and action with Board members, management staff, and other State agencies that may be impacted is a vital part of my duties. I assist Legislative Auditors during the sunset review process to ensure complete records of the regulatory program are made available; explaining and justifying actions taken by the program in granting or denying licensure. I present and ensure the position of the division and board is articulated and relay any concerns regarding the audit to the division chief or director. I manage each examiner's desk in their absence by delegating tasks and cross-training staff. During extended staff vacancy or absence, I formulate a plan for the affected programs, including recommendations for overtime and/or temporary hire. I also provide supervisory guidance to staff of other licensing programs in the absence of their direct supervisor. Additional responsibilities: during legislative session supervisors are tasked with reviewing proposed legislation and preparing bill analysis for the Department to review in order to properly assess the impact the legislation could have.

OCCUPATIONAL LICENSING EXAMINER | STATE OF ALASKA, COMMERCE AND COMMUNITY ECONOMIC DEVELOPMENT | APRIL 2015 – JUNE 2015

In this position I was responsible for all activities of the licensing program for 7 professional licensing programs; 3 of which had boards (Professional Counselors, Psychologist & Psychological Associate; Direct Entry Midwives, Dietitians/Nutritionists, Naturopaths, Mortuary Sciences and Concert Promoters). I coordinated all activities of the program, including management of the board, review and implementation of all licensing functions, public interaction, and regulatory administration and compliance. I scrutinized applications for licensure that authorize persons to engage in certain occupational employment in Alaska; application examination is to ensure that qualified individuals are able to offer their services to the public and that the public is protected from those who are not authorized to practice. Inaccurate or untimely examination of applications denies persons the ability to work and can endanger public safety by the issuance of a license to an unqualified individual. I was required to have extensive knowledge of state statutes, regulations and division policies to determine the legal requirements for a specific applicant to qualify for licensure. I had the responsibility to ensure all required documentation and correspondence was included in the application file. The boards entrusted me with performing due diligence and ensuring documentation was accurate, complete, legitimate, and compliant; there was no automatic review of accuracy of my work. The complexity of an application varied greatly among license types. Larger applications required more complex and independent judgment. With all applications, I cross-checked each document against other documents to find any hidden issues, such as falsification of an application or criminal convictions, and ensure identifying information was consistent throughout. A portion of my responsibilities included interpreting statutes and regulations; accurately explaining such interpretation both verbally and in writing. I handled a high volume of public contact via phone and e-mail, responding to both routine and complex correspondence. I was also responsible for all duties of coordinating board meetings which included creating an agenda and board packets, attending meetings, providing guidance as needed, drafting board minutes, and all other follow-up work as required; including performing research for boards and assisting with revision of regulations.

DIRECTOR'S SECRETARY | STATE OF ALASKA, COMMERCE AND COMMUNITY ECONOMIC DEVELOPMENT | JUNE 2014 – APRIL 2015

I provided administrative support for the Division Director of Corporations, Business and Professional Licensing. I received and screened telephone calls, email and visits from members of the public, legislative offices and other state agencies. I drafted correspondence in reply to communications received by the Director working with the Director to finalize correspondence and prepare for release in finished format. I also researched statutes, regulations, related source material and work with appropriate licensing staff to formulate sound response to inquiries. I was responsible for document flow to and from director. I maintained the division calendar for boards and commissions meetings, exams, events, staff time off and other relevant functions on central calendar. I created and maintained files on bills during the legislative session which impacted the division and maintained central list of those bills. Using legislative computer programs to track the status of bills and hearing dates; I was responsible for notifying key personnel of hearings for attendance and providing relevant information on hearing subject matter.. I disseminated internal division information to staff and boards and commission members. I also prepared and submitted monthly public notices to newspapers and the on-line public notice system of scheduled board meetings, exams and teleconferences. I also preformed other duties as assigned, including but not limited to assistance to business, corporation, and professional licensing, front counter, mail room, and other tasks as needed to help efficient operations.

OFFICE ASSISTANT II | STATE OF ALASKA, DEPARTMENT OF ENVIROMENTAL CONSERVATION, AIR QUALITY | MAY 2013-JUNE 2014

I provided administrative support for Division of Air Quality for the Department of Environmental Conservation. I received, screened and directed calls from individuals or organizations requiring information on a variety of subjects, from permitting, air quality, open burning, vehicle emissions, to contaminated sites, landfill permitting, and asbestos. I acted as a point of contact for the program, directing visitors, assisting the public in obtaining permitting information, and answering public inquiries as necessary. I independently reviewed routing reports and other documents submitted by permittees to verify that they included all information required by the stationary source's Air Quality Operating Permit. On a daily basis I coordinated with owners, operators, managers of permitted stationary sources to obtain required documentation. The subject stationary source operators range from unsophisticated asphalt plants and small incinerator operators to the environmental departments of multi-national corporations. Received Title V, Title I and Open Burn permit applications, Compliance and Excess Emission reports. These were processed according to intake procedures, which required knowledge of, and ability to work with Air Tools (custom database for the Air Permits program). I set up new project files in Air Tools for new sources and for new permit applications and entered applicant data into the database system. I scanned/faxed reports for access/distribution to staff in the Anchorage, Fairbanks, Juneau and Deadhorse offices. For permit applications, I also set up projects into the BillQuick system (time entry and billing database) for Division staff. I used extensive file management duties to research operating permit files and provide (by telephone, fax, or mail) requested information to the various division offices. This research involved, but was not limited to, researching archived facility files, old permit files on site, and new permit files located in the section office. I also served as Timekeeper for a portion of our staff, I ensured that all of their time was billed to the correct projects and that the correct activity code was used within our time keeping system (CRITTS) so that the correct clients were billed for the correct projects and time.

OFFICE ASSISTANT I | STATE OF ALASKA, COMMERCE AND COMMUNITY ECONOMIC DEVELOPMENT | SEPTEMBER 2012-MAY 2013

I was responsible for responding to requests for information from the public or employees by answering questions, mailing readily available information, and referring inquiries to the appropriate party. I answered calls to the Business Licensing and General Licensing call center and routed them to the correct examiner. I explained and guided customers through required steps for the sometimes complex processes of corporate, business and professional licensing. My position was responsible for managing the filing of various documents in an organized manner in order to search or retrieve records. I provided certification of licensing records when requested. I researched microfiche, hard copy files, and electronic records to provide complete attestation of a licensee's business licensing record history. I received; date stamped and directed incoming corporate, business and professional licensing correspondence to appropriate staff. I prepared applications for payment receipting and filing and delivered Professional Licensing applications and correspondence to occupational licensing examiners for processing. I also routinely preformed data entry assignments, entering data from a variety of documents requiring review for accuracy and completeness.

ASSISTANT DIRECTOR OF NURSING/ LEAD ACMA I | MEADOWLAKES RETIREMENT VILLAGE | May 2009- APRIL 2012

I coordinated activities of the nursing service with other departments to ensure totally integrated, comprehensive programs for our residents. This included assisting in providing direction to professional and nonprofessional nursing personnel; evaluating and recommended changes in staffing to provide optimum care; interviewed applicants and recommended hiring; prepared performance reports on subordinates. I also monitored training needs; conducting on-the-job training, in-service training in specialized techniques, and any other areas where a need was indicated.

I assisted the Director of Nursing in performing special studies to improve personnel utilization and providing information for the nursing budget. A portion of my responsibilities included payroll for the facility, scheduling, on-call and covered shifts for all departments. I often worked as receptionist, answering phones, sorting mail, faxing, etc. I was also in charge of checking the physician orders monthly for the 70+ residents for accuracy and to send them to the physicians for signatures. I was in charge of making sure that all the medical records were filed correctly for each resident and to keep the charts in order. I was also lead ACMA and that entailed ordering medications from various pharmacies, keeping count of medications, administering medications correctly and promptly.

As I arranged the work schedule it was my responsibility to make plans to cover extended absences/vacancies including approving overtime requests and/or hiring temporary workers. I worked with the other staff to ensure that the staff's needs were being met without any effects to the residents of the facility.

I worked with staff to supervise and participate in developing care plans, observed resident' activities, interacted with residents; provided general nursing care as necessary. Part of my duties included Interviewing, hiring, training, discipline and evaluation of the other staff as needed. I was familiar with personnel rules, family leave act, ADA, and EEO requirements and kept current on changes that could have had effects for my staff. I was expected to communicate effectively and respectfully, and have ability to encourage employees to work to their full potential. I addressed problem areas with employees and offered solutions for resolution. I ensured that I was diligent regarding meeting the expectations of the facility and residents when working with discontented personnel.

ACTIVITIES DIRECTOR/Lead ACMA | FOREST GLADE RETIREMENT CENTER | MARCH 2002-May 2009

I supervised and managed the activities of 2 facilities which made up the assisted living center. The assisted living center aided with activities of daily living and provided therapeutic programs for the elderly in support of maintaining a high quality of life through independence. I worked with staff to coordinate the delivery of services to residents as defined in each resident's individual plan of care, performed supervisory and administrative coordination of staff, and ensured residents' safety.

I had 24-hour responsibility for ensuring adequate staffing and care for residents. I planned, organized and implemented staffing plans, program goals, policies and procedures. This involved supervising the work of certified nurse aides in the delivery of assistance with activities of daily living such as bathing, dressing, medication assistance, and other care procedures as well as leisure, recreational, and therapeutic activities. I had substantial authority in personnel actions; selected employees, identified and scheduled trainings, assigned and monitored work, and evaluated the effectiveness of staff. It was my responsibility to ensure that staff was trained and competent to provide services for the residents of the facilities.

I was also Lead ACMA and that entailed ordering medications from various pharmacies, keeping count of medications, and administering medications correctly and promptly in addition to my other responsibilities.

I was tasked to identify resident needs and integrate recommendations into the individual resident's plan of care; coordinate the delivery of necessary services; communicate special needs or problems to the appropriate staff. This involved coordinating resident's assisted living plans and communicating with resident and resident's family regarding special needs or services; at times this included professional therapists for recreational and physical therapy activities as indicated in individual assisted living plans.

I also worked with subordinate staff and other support services to monitor the resident's general whereabouts while on the facility premises or when traveling in the community, and to provide for the resident's safety and wellbeing. I coordinated with the social worker to engage the use of community resources, as appropriate, to meet the needs of residents. I also maintained records of assisted living plans, contracted services, and behaviors or changes in the residents which were exceptions from normal or baseline.

It was also my privilege to act as an advocate on behalf of residents by assisting the facility to meet their needs, and honor their rights as defined in Assisted Living statutes of Oklahoma.

Education

BUSINESS ADMINISTRATION | MAY 2001 | WRIGHT CAREER COLLEGE, OKLAHOMA CITY, OK

Major: Business Administration/Medical Assistant

ADVANCED CERTIFIED MEDICATION ASSISTANT | FEBRUARY 2008 | MOORE NORMAN TECHNICAL

• Major: Advanced Certified Medication Assistant (ACMA)

ADVANCED MICROSOFT WORD 2010 | SEPTEMBER 2013 | VOCATIONAL TRAINING AND RESOURCE CENTER

- Refresher class for Microsoft Word in preparation of workplace upgrade

ADVANCED MICROSOFT EXCEL 2010 | SEPTEMBER 2013 | VOCATIONAL TRAINING AND RESOURCE CENTER

- Refresher class for Microsoft Excel in preparation of workplace upgrade

Skills & Abilities

- 18 years' experience using Microsoft Office programs
- Extensive knowledge of statutes and regulations for a large variety of professions regulated within the division as well as the policies and procedures that guide our staff
- Experience gathering data, facts and information to draw logical conclusions
- Ability to express opinions clearly and articulately to a variety of audiences
- Ability to prepare clear and concise reports
- More than 12 years' experience supervising and managing employees
- Documented strong abilities to work effectively with applicants, board members, co-workers, professional organizations, media, members of various local, state and federal agencies as well as colleagues in other states

2020 STATE HOLIDAY CALENDAR

JANUARY

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NOVEMBER


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DECEMBER

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State Holidays

Date	Holiday
01/01	New Year's Day
01/20	MLK Jr.'s Birthday
02/17	Presidents' Day
03/30	Seward's Day
05/25	Memorial Day
07/04	Independence Day (observed 7/3)

 Renee Unavailable

 Holiday

State calendar maintained by the Division of Finance, Department of Administration
<http://doa.alaska.gov/calendars.html>

Biweekly employees please refer to appropriate collective bargaining unit agreement for more information regarding holidays.

State Holidays

Date	Holiday
09/07	Labor Day
10/18	Alaska Day
11/11	Veterans' Day
11/26	Thanksgiving Day
12/25	Christmas Day

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

BOARD OF MARINE PILOTS

MINUTES OF MEETING

October 9, 2019

These draft minutes were prepared by staff of the Division of Corporations, Business and Professional Licensing. They have not been reviewed or approved by the Board.

By authority of AS 08.01.070(2), and in compliance with the provisions of AS 44.62, Article 6, a scheduled teleconference meeting of the Board of Marine Pilots was held October 9, 2019.

Call to Order/Roll Call

The meeting was called to order by Chairman Curtis Thayer, at 9:01 a.m. Those present, constituting a quorum of the Board were:

Curtis Thayer
Tom Rueter
Les Cronk
Rick Harris
Peggy McLaughlin
Captain Ed Sinclair
Captain Ron Ward

Present from the Department of Commerce, Community and Economic Development, Division of Corporations, Business and Professional Licensing, were:

Cori Hondolero, Marine Pilot Coordinator
Sara Chambers, Director (agenda item #4)
Ashley Brown, Assistant Attorney General (agenda item #5)
Greg Francois, Chief Investigator (agenda item #7)

Visitors present included:

Captain John Herring, Southeast Alaska Pilots Association (SEAPA)
Captain Luke Sloane, Southeast Alaska Pilots Association (SEAPA)
Jeff Logan, Southeast Alaska Pilots Association (SEAPA)
Captain Andrew Wakefield, Southwest Alaska Pilots Association (SWAPA)

Jenni Zielinski, Southwest Alaska Pilots Association (SWAPA)
Captain David Arzt, Alaska Marine Pilots (AMP)
Paul Axelson, Northern Pacific Maritime

Agenda Item 1 – Review Agenda

Upon a motion duly made by Mr. Rueter, seconded by Ms. McLaughlin, and approved unanimously, it was:

RESOLVED to approve the agenda as written

Agenda Item 2 – Review Meeting Minutes

The Board reviewed the minutes of the last teleconference meeting.

Upon a motion duly made by Mr. Rueter, seconded by Captain Sinclair, and approved unanimously, it was:

RESOLVED to approve the minutes of the June 27, 2019 teleconference meeting as written.

Agenda Item 3 – Public Comment

There was no one present that made a request to address the Board.

Agenda Item 4 – Board Business

Review Board Actions – Actions taken June 17, 2019 – September 25, 2019

Date	Motion	Voting Tabulation	Action
17 June 2019	Approve upgrade to 65KGT for Todd CARLETON	Ward (Y), Cronk (Y), Harris (Y), Sinclair (Y), McLaughlin (Y), Thayer (Y), Rueter (Y).	Approve upgrade
26 June 2019	Approve upgrade to 65KGT for Jill RUSSELL	Cronk (Y), Ward (Y), McLaughlin (Y), Thayer (Y)	Approve upgrade
2 July 2019	Approve FPC exemption application ARMS REACH	Cronk (Y), Sinclair (Y), Thayer (Y), Harris (Y), McLaughlin (Y), Rueter (Y).	Approve application
28 June 2019	Approve training pilot endorsement for Hitomi MARSH	Thayer (Y), Ward (Y), Harris (Y), McLaughlin (Y), Sinclair (Y).	Approve endorsement
2 July 2019	Approve FPC exemption application CHIMERA	Cronk (Y), McLaughlin (Y), Harris (Y), Ward (Y), Thayer (Y), Rueter (Y),	Approve application

		Sinclair (Y).	
2 July 2019	Approve FPC exemption application KAMAIXTHA	Harris (Y), Cronk (Y), Ward (Y), Thayer (Y), Sinclair (Y).	Approve application
2 July 2019	Approve FPC exemption application KOMAGATA	Harris (Y), McLaughlin (Y), Ward (Y), Thayer (Y), Sinclair (Y), Rueter (Y).	Approve application
2 July 2019	Approve FPC exemption application MALAIKA	Harris (Y), Cronk (Y), McLaughlin (Y), Ward (Y), Thayer (Y), Rueter (Y), Sinclair (Y).	Approve application
6 July 2019	Approve FPC exemption application SEAWOLF	McLaughlin (Y), Rueter (Y), Ward (conditionally approve), Cronk (Y), Thayer (N), Harris (Y).	Approve application
8 July 2019	Approve training pilot endorsement AXELSON	Ward (Y), Thayer (Y), Sinclair (Y), Cronk (Y), Harris (Y)	Approve endorsement
11 July 2019	Approve FPC exemption application BEAGLE STAR V	Thayer (Y), Ward (Y), Sinclair (Y), Cronk (Y), Harris (Y), Rueter (Y)	Approve application
16 July 2019	Approve FPC exemption application TAMSEN	Thayer (Y), Ward (Y), Cronk (Y), McLaughlin (Y), Sinclair (Y), Rueter (Y)	Approve application
22 July 2019	Approve upgrade to 90KGT for Chris MITCHELL	Cronk (Y), Thayer (Y), Ward (Y), Harris (Y), Sinclair (Y)	Approve upgrade
22 July 2019	Approve upgrade to 90KGT for James CUNNINGHAM	Cronk (Y), Thayer (Y), Ward (Y), Harris (Y), Sinclair (Y)	Approve upgrade
7 August 2019	Approve upgrade to 65KGT for Ronald LEIGHTON	Thayer (Y), Ward (Y), Cronk (Y), McLaughlin (Y), Sinclair (Y), Rueter (Y)	Approve upgrade

OnBoard Voting – MPC Hondolero had included instructions for voting with the OnBoard system. It was noted that OnBoard also had a phone app that could potentially make voting easier. The Board requested that MPC Hondolero add a sample application to the system, so that the Board could test it and see if they think that it would work for them. The Board noted that they approve action/issuance on an application once a quorum has approved the application.

MPC Staffing & Location – Director Chambers joined the meeting to discuss this topic with the Board and apologized to the Board for not discussing recent changes before acting on the MPC position/location and stated that this was a temporary fix. The Board expressed their concern with being excluded from the process and stated that they feel they need designated staff that is based in

Juneau. Director Chambers stated that the Division would be looking at options for the position and how best to serve the Board. It was decided that the Division would open a recruitment for a new MPC (who will be Juneau based). Chairman Thayer noted that the position has been in Juneau historically and that staff has had their main assignment be MPC and they have added other additional duties as time allowed.

Director Chambers stated that the Division would try to have the recruitment soon and indicated that it might be for an executive that also had an additional program assigned. Chairman Thayer asked what role the Board would have in hiring the new MPC. Director Chambers stated that the Division would lead the recruitment process and could consult with the Chair to review applicants and gather final thoughts before making a hire.

Mr. Rueter indicated that he did not have a concern over where the position was located. Mr. Harris thanked the Division for acknowledging the Boards role in recruitment and stated that he felt the position should be Juneau based due to intense traffic in Southeast. Captain Sinclair commented that the temporary MPC assignment/location was not made clear to the Board originally and that he also felt the position should be Juneau based. Ms. McLaughlin stated that she appreciated the updated information and felt the position should be located in Juneau.

Chairman Thayer asked how soon the recruitment would start. Director Chambers stated by the end of the month. Chairman Thayer asked about the January meeting and if Ms. Hondolero would assist until a permanent MPC was hired. Director Chambers stated that the Board could take action to have hire approval delegated to the Chair and that Ms. Hondolero would continue to assist until a permanent hire was made.

Upon a motion duly made by Mr. Cronk, seconded by Mr. Rueter, and approved unanimously, it was:

RESOLVED to approve Chairman Thayer to work with the Division to make the final hiring selection.

Agenda Item 6 – Pilot Association Reports

Southeast Alaska Pilots' Association (SEAPA)

Captain Herring was present to address the Board.

Both updated operating rules and updated Bylaws were in the meeting packet.

Captain Herring stated that the updates to the operating rules were related to anti-harassment language and do not dispatch requests.

Assistant Attorney General (AAG) Ashley Brown arrived at the meeting; the Board opted to speak with AAG Brown first and then return to the conversation with SEAPA.

Agenda Item 5 – Correspondence

AAG Brown was present to discuss and or answer questions in response to her memo dated September 30, 2019. This memo was written in response to the Board's request for guidance on 12 AAC 56.960(c) – dispatch of two pilots. MPC Hondolero noted that the document was label confidential and without Board action could not be released to the public.

Upon a motion duly made by Captain Ward, seconded by Mr. Rueter, and approved unanimously, it was:

RESOLVED to allow the release of the memo from AAG Brown dated September 30, 2019.

The memo noted that the key word in this regulation is “expected” – if the trip is reasonably expected to exceed eight hours, an additional pilot can be dispatched. Mr. Harris asked what the barrier (?) for expected is; is it probable? Mr. Rueter noted that expected can represent something that hasn't happened yet. AAG Brown stated that there might be situations where there hasn't been transit before; in this situation, you'd have to use best judgement. If in the past the trip has taken six hours, but new circumstances could impact the trip in the future.

Captain Sinclair asked that the Board ask Captain Herring (SEAPA) to comment. Captain Herring asked about putting two pilots on and charging for it; there are certain situations where two pilots are put on board and they would like the ability to dispatch this way.

Chairman Thayer asked if there have been conversations about this with the shipping industry? Captain Herring replied that yes there have been conversations and they have not paid for the second pilot. Chairman Thayer thought it might be best to inquire with agents to get their perspective on this issue. Captain Herring asked if they can charge for the second pilot. AAG Brown stated that the regulation is silent regarding payment. Captain Herring stated that six hours is listed in the SEAPA operating rules, but this is not related; it's just established as good practice.

It was decided that this topic would be carried forward to the January meeting. In the interim, agents would be asked for their thoughts.

Captain Ward asked about payment of bills if the trip is over eight hours. Captain Herring replied that if the trip was over eight hours, the bill for the second pilot is paid; if under eight hours, the bill is not paid. Mr. Cronk added

that there are very specific cases where this has been applied; certain routes that pushed the level of exceeding eight hours and industry should not pay for this.

Chairman Thayer indicated that it might be best to see if there is resolve for this in industry. Can it be resolved or is there a regulation change required. More dialog could be completed at the January meeting. Mr. Harris stated that for safe navigation on certain routes, this should be allowed to occur.

Agenda Item 6 – Pilot Association Reports

Southeast Alaska Pilots' Association (SEAPA)

The Board returned to their conversation about the operating rules; specifically, sections f & g. Captain Sinclair stated that this was an internal SEAPA decision; not something brand new and asked if was appropriate to approve. The Board felt that additional review was required. There was confusion as to what rules were being presented for approval as the document provided to the Board was not properly prepared in colored ink, hence the motion to table.

Upon a motion duly made by Mr. Rueter, seconded by Mr. Cronk, and approved by a majority of the Board, it was:

RESOLVED to table the SEAPA operating rules until the January meeting to give the Board additional time to review/understand the requested changes.

The Board moved on to review of the updated Bylaws. It was noted that there were both clean and amended copies in the meeting packet. Captain Herring stated that the edits were a collection of cleanup/housekeeping items.

Upon a motion duly made by Mr. Harris, seconded by Mr. Rueter, and approved unanimously, it was:

RESOLVED to approve the Bylaws as amended by SEAPA.

Captain Herring provided the associations report:

- 13% increase in port calls
- 1 new dock in Hoonah
- New docks in Ketchikan
- New purchase of Juneau waterfront
- Net gain of 3 pilots
- 23 trainees
- New entrance exam starting this winter
- Good support from cruise lines

Mr. Rueter asked if there were ongoing discussions to project for the future. Captain Herring stated that they receive schedules one year in advance, but need to know the number of port calls; it's hard to know what will be needed. Mr. Rueter asked what the industry can do to help with multi-year planning. Captain Herring replied that longer lead time would help and that cruise line agents are cooperative. Mr. Harris noted that there are instances in priority areas where pilots couldn't be provided. Chairman Thayer stated that the legislature sets the length of vessel for exemptions and asked if this needs to be revisited and asked that the MPC conduct some research to see what the lengths of the vessels have been for discussion at the January meeting. Captain Herring did note that SEAPA was able to dispatch to all critical waterways this year.

Southwest Alaska Pilot Association (SWAPA)

Captain Wakefield was on line to give the associations report:

- 15 full member pilots
- 3 deputy pilots
 - 1 deputy will become a full pilot and obtain VLCC
- 3 trainees
 - 2 will be finishing up before the spring
- 2 observers
 - 1 will be applying for their core exam soon

Mr. Rueter stated that planning is a long process and asked for thoughts on how to facilitate efforts in the future. Captain Wakefield stated that as much advance notice as possible for changes in traffic patterns would be helpful.

Alaska Marine Pilots (AMP)

Captain Artz was on line to give the associations report:

- 9 fully licensed marine pilots
 - 8 are training pilots
- 2 people in the deputy marine pilot apprenticeship program; they are at least a year from becoming licensed

Agenda Item 7 – Investigative Report

Chief Investigator Francois was present to provide the investigative report.

The report included in the packet was dated September 27, 2019 and covered the period of April 1, 2019 through September 27, 2019. During this period five matters were opened and two matters were closed. Seven matters remain ongoing/open.

Chief Francois stated that the investigator may or may not contact a Board member to discuss/review a case.

Chairman Thayer asked if there was any anticipation of when cases might be closed? Chief Francois indicated that there have been issues obtaining information from the Coast Guard. Chairman Thayer asked if a letter from the Board might be helpful. Chief Francois indicated that he wasn't sure, but needs to move the request to the next level.

Mr. Harris asked about intake/complaint. Chief Francois stated that sending out a written packet is intake and receiving that packet back is a complaint. The issue becomes an investigation after a Board member is consulted. The investigator might rotate who is consulted for case review. Chairman Thayer asked how the investigator decides who does the review. Chief Francois stated that the first step is a conflict check. Chairman Thayer ask if past Board members can be used for investigative reviews. Chief Francois stated that they can be used if they are under contract and asked the Board to let him know of any experts.

Captain Sinclair asked about the intake cases that are old. Chief Francois stated that he is currently reviewing those cases and they will likely move to complaint status. Captain Sinclair also asked about cases closed in intake status. Chief Francois stated that a packet may not have been received and it therefore never moves to complaint status.

The Board thanked Chief Francois for his report.

Agenda Item 8 – Executive Session

Upon a motion duly made by Captain Ward, seconded by Mr. Rueter, and approved unanimously, it was:

RESOLVED to enter into executive session for the purpose of conducting an interview with a deputy marine pilot candidate.

Agenda Item 9 – Approval of Deputy Marine Pilot

Upon a motion duly made by Captain Sinclair seconded by Captain Ward, and approved unanimously, it was:

RESOLVED to approve Captain Luke Sloane for deputy marine pilot licensure.

Confirm Upcoming Meeting Dates/Locations

- January 2020 in Anchorage – MPC Hondolero to send out an email to find a date that will work for the Board.

There being no further business, the meeting adjourned at 10:53 a.m.

Respectfully Submitted:

Cori Hondolero
Marine Pilot Coordinator

Approved:

Curtis Thayer, Chair
Alaska Board of Marine Pilots

Date:_____

BOARD BUSINESS

Board actions – October 9, 2019 through January 8, 2020

Date	Motion	Voting Tabulation	Action
12 Dec 2019	Approve as a training pilot - Andrew WAKEFIELD	Ward (Y), Cronk (Y), Sinclair (Y), McLaughlin (Y), Rueter (Y).	Approve as Training Pilot
8 Jan 2020	Approve as a training pilot - Keith AUSTIN	Cronk (Y), Ward (Y), Sinclair (Y), Thayer (Y)	Approve as Training Pilot

Exam Update

Exams Impacted:

- Core
- Region I
- Region II
- Region III

History:

Staff has discovered that 2018 edits to core and local knowledge exams were not completed. Starting in early 2019, exams are sent to the training chairs so invalid questions can be removed/replaced and new questions added, as applicable.

Moving Forward:

The division has started the process to contract with an outside consultant with extensive exam experience to assist the division with adopting an examination software system and protocols to ensure defensibility and quality control of state-managed exams. These processes and associated expenses will be allocated across all programs utilizing the service.

Marine pilotage exams are slated as the first project to be addressed, starting with the regional exams. Once we have selected a software system, we will reach out to subject matter experts (SMEs) to request assistance in reviewing/editing/drafting questions. SMEs will be vetted and will be required to sign confidentiality agreements.

This process will take time to complete; however, we understand the importance to ensuring licensee qualifications and public safety and want to be sure that we are moving forward with a solution that is comprehensive and sustainable. Deputy Director Sharon Walsh is managing this project and will continue to monitor its progress alongside Marine Pilot Coordinator Renee Hoffard.

OnBoard Check-In

- **Does OnBoard work for conducting voting on applications/matters between meetings?**
 - Staff will try to remember to send the main log-in link to members when sending out a notice that new items need review
 - There is an OnBoard “app” for use on phones; it should work anywhere there is a cell signal
- **What documents does the Board want available in OnBoard when reviewing an application?**
 - Everything? Including ALL training records? Or is the checklist, main application (with references & medical checks), USCG mariner credential, and letter from pilot organization acceptable?
- **During busier seasons, how often does the Board want ballots sent for review?**
 - Ballots can be sent at any time but would it be more efficient for the board to have set dates for application review, for example the 15th of each month?

RIGHT TOUCH REGULATION



MEMORANDUM

TO: Professional Licensing Board Members

DATE: July 26, 2019

FROM: Sara Chambers, Division Director

SUBJECT: Professional Licensing Reform

Happy New Year! We are nearly a month into Fiscal Year 2020, and with it comes a new division budget, as well as new opportunities to evaluate how we are doing, where we are going, and how we plan to get there. Often, the beginning of a new year inspires us to set resolutions, and we are doing just that in FY20.

Governor Dunleavy set the stage for us to dig into this task when he issued his State of the State Address in January. As our new chief executive, he promised to accomplish the following during his tenure in office:

- We're going to declare war on criminals.
- We're going to get our spending in line with our revenue.
- We're going to protect Alaskans' Permanent Fund dividends.
- We're going to grow our economy and put Alaskans to work.
- And we must restore public trust in government and elected officials.

Several of these goals relate to our work as professional licensing leaders: We must spend less than our allocated budget, ensure public safety, and inspire the trust of the public through responsibility and transparency. **Most of all, we must strike the delicate balance between growing our economy and putting Alaskans to work while protecting the public interest.** We accomplish these goals as partners in active, accountable governance and defensible, reasonable administration.

Further, Commissioner Anderson has tasked our division and our partner boards with the following immediate focus:

- Consider whether our occupational licensing requirements are reasonable responses to actual potential harm rather than hypothetical harm.
- Review statutes and regulations to ensure any licensing requirement is necessary and tailored to fulfill legitimate public health, safety, or welfare objectives.
- Review the license application process with a goal of substantially reducing the time required to review applications and issue licenses.

In celebration of the new year—and to keep us on track with our mandate—I've developed a few New Year's Resolutions for our boards and staff. (And, yes...true to tradition, these resolutions do involve losing weight!)

1. **At all times, our governance should demonstrate that we have *internalized the purpose of professional licensing*: safeguarding the public interest.**
 - a. Records of decisions should reflect that *the board considered the risk of harm* to consumers, the *impact on those seeking or holding a license*, the *effect on the market*, and any *unintended consequences* to any party.
 - b. All board deliberations should be *thorough, balanced, and grounded* in law and logic.
 - c. Board business should reflect *accountability and responsiveness* in addressing concerns.

2. **Make decisions that reflect proficiency in the statutes, regulations, division policies, and state/national issues that affect our licensing programs.**
 - a. Read all centralized statutes ([AS 08.01-03](#)) and regulations ([12 AAC 02.010.-400](#); [12 AAC 02.900-990](#)) and *know how to utilize them*, as appropriate.
 - b. Read [your program's](#) statutes under AS 08 and regulations under 12 AAC 02 and *take responsibility for being the state's experts* in what they say and how they impact the public, applicants, licensees, and other stakeholders.
 - c. Refer regularly to your [board member training resources](#) located on the division's web site, especially the Guide to Excellence in Regulation, which will help you navigate the intricacies of service on a quasi-judiciary government board.

3. **Add value to the bottom line by delivering *excellent service* to all internal and external customers.**
 - a. Communicate *transparently, proactively, and clearly*.
 - b. Respond to inquiries *promptly and professionally*.
 - c. *Resolve any roadblocks* that are delaying review or issuance of licenses to qualified individuals.
 - d. *Maximize efficiencies* where possible and practical.
 - e. Identify when *additional resources* are needed, and make solution-oriented suggestions to the director.

4. **Prioritize changes to statutes and regulations that *streamline, modernize, and reduce barriers* to employment of qualified individuals.**
 - a. *Develop a strategic plan for your board*. The division can provide resources to assist you.
 - b. *Look for low-hanging fruit*: What has created a regulatory roadblock in the last five years? What is outdated or outmoded, given current tools, trends, and technology?
 - c. *Think big*: Now is the time to consider those ambitious changes you've dreamed about making. Join a licensure compact? Adopt reciprocity with other states? Put it on the table.
 - d. *Challenge biases and "the way we have always done it"*: Does the data support the decision? What does the requirement accomplish? Is it based on fact, fear, familiarity, or faction?
 - e. *Build into each agenda ample time to review* a portion of your program statutes and regulations to ensure they are serving the public interest.
 - f. *Set deadlines to assertively draft changes to statutes and regulations*. Consider assigning committees to work on them at publicly noticed gatherings between board meetings. Use the division's administrative resources to maximize outputs and opportunities.

I have directed staff to provide you with various tools to begin addressing New Year's Resolution #4 at your next board meeting. Either your board executive (if you have one), the deputy division director, or I plan to attend during the standard Division Update agenda item to walk through these tools and the task ahead.

Board progress on this review and your suggested regulatory changes will be reported up to the governor's office, and we stand at the ready to support your work. As always, our division regulations specialists are here to assist in drafting regulations. If you plan to navigate legislation that meets these objectives, please contact me directly or through your staff so we can leverage all our resources toward our common goal.

We are scheduling a survey to licensees and industry stakeholders to gather their input, which will be shared with each relevant board. You may also wish to encourage public comment on this topic in advance of a future board meeting. As resources allow, we may hold “town hall”-style meetings to solicit thoughts from the public. If you have additional ideas for outreach, please let me know. Please be sure to check the division's [board member training resources web site](#) for additional links to helpful resources.

The year ahead may move us out of our comfort zones, but it will fine tune our agency into a high-functioning, laser-focused, mission-oriented team. I look forward to actively working with you to accomplish these goals. Please reach out to me any time with questions, concerns, and ideas. I'm happy to think through both the small tweaks and the big ideas along with you. My direct line is 907-465-2144 and email is sara.chambers@alaska.gov.

IS IT GOVERNMENT'S RESPONSIBILITY?

RETHINKING REGULATION, RISK, AND RESPONSIBILITY
IN STATE GOVERNMENT

The best government is that which governs least.

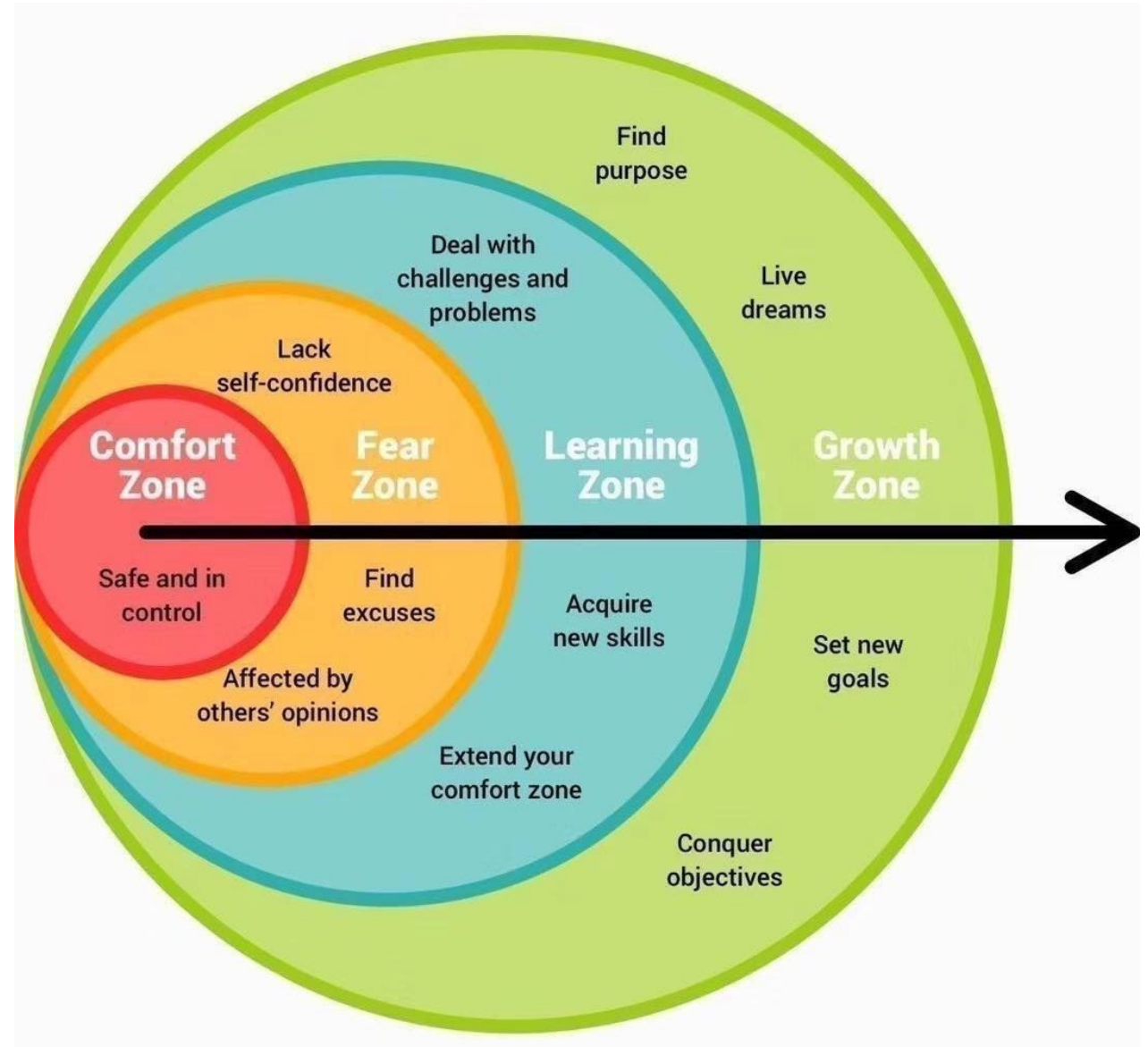
John L. O'Sullivan, The United States Magazine and Democratic Review, Vol. I (1837)

LEARNING OBJECTIVES

- Rethink options to manage risk
- Break out of comfort zone
- Hear different perspectives
- Enable you to:
 - Evaluate current and proposed management strategies
 - Propose statute, regulation, or administrative changes to the existing regulatory landscape

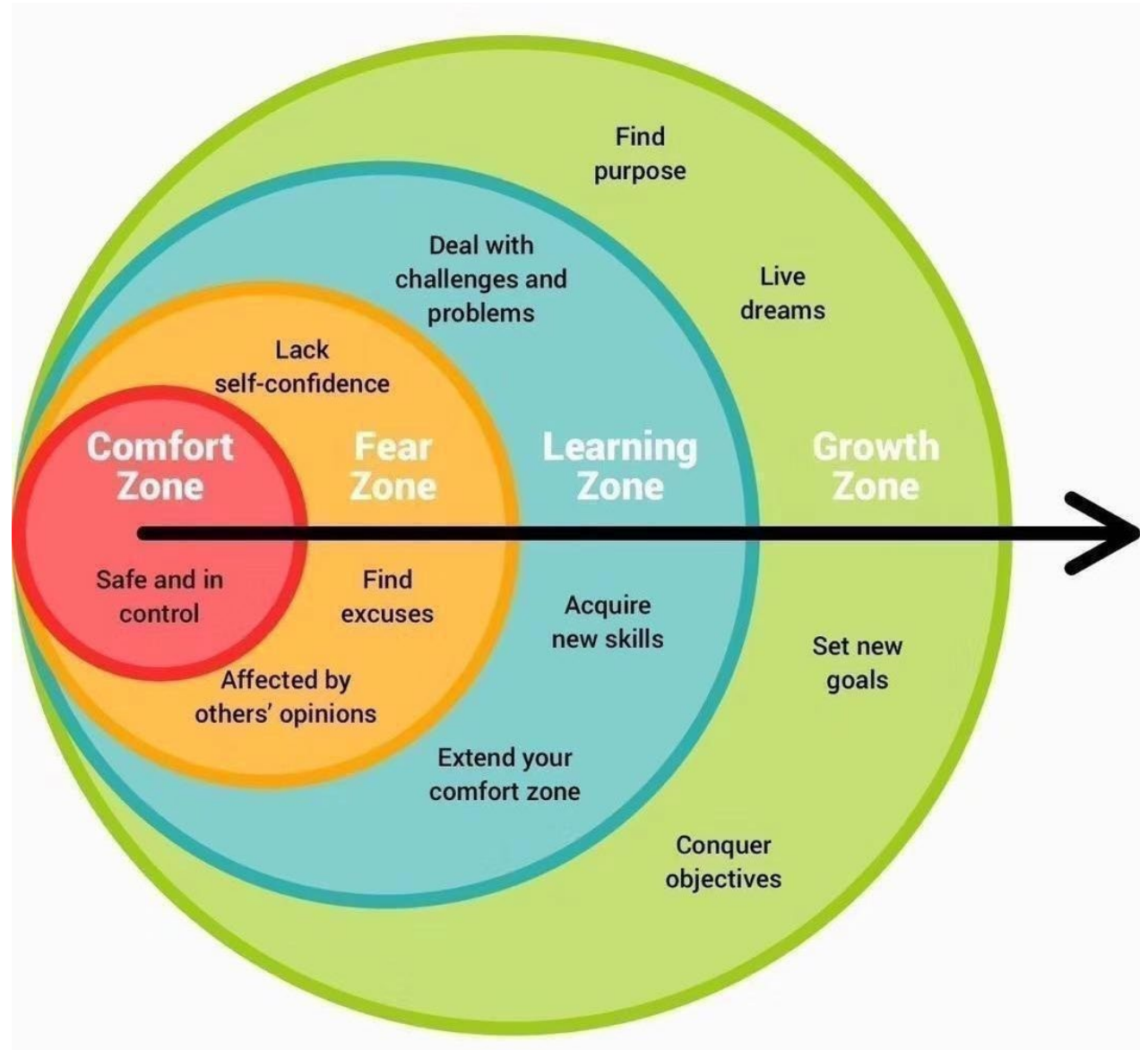
THIS EXERCISE WILL:

- prompt you to consider new ideas to solve problems
- expose you to fresh perspectives
- encourage deep dives into alternatives to regulation
- provide a framework for further discussion
- provide justification and reinforcement of management decisions



THIS EXERCISE WILL NOT:

- tell you how to solve the problem
- make you feel comfortable
- force you to change



WHAT IS THE ROLE OF GOVERNMENT?

- Form a more perfect union
 - Establish justice
 - Insure domestic tranquility
 - Provide for the common defense
 - Promote the general welfare
 - Secure the blessings of liberty
- Secure and transmit to succeeding generations our heritage of political, civil, and religious liberty within the union of states

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**Preamble to the Constitution
of the United States of
America**

**Preamble to the Alaska
Constitution**

SO, WHY DO WE DO WHAT WE DO?

- Limit risk before it happens
- Provide remedy & redress of wrongs
- Gather, disseminate, and analyze data
- Ensure public process
- Create a revenue stream to pay for services
- Ensure transparency
- Provide public services
- Create stability and maintain order
- Set forth common boundaries, rights, and systems for governance
- Other reasons?

IS IT *REALLY* GOVERNMENT'S RESPONSIBILITY?

Is it a **proper activity** of government?

Does it **duplicate work** performed in the private sector?

Does it **require a monopoly**, or can multiple entities do it?

Is it **mandated by the federal government**?

For the purpose of this exercise, include any activity performed by your agency.

IS IT *REALLY* GOVERNMENT'S RESPONSIBILITY?

Or, do we ask government to perform our activity because:

We have always done it that way?

We can't think of another way to do it?

We feel ownership over the activity?

We don't have the resources to do explore options?

We don't have the resources to do manage the change?

Statutory change is too volatile and cumbersome?

Stakeholders want us to do it / no alternatives?

The public is complacent?

Other legitimate reasons, weak excuses,³⁴ unexposed biases?

ARE WE DOING IT WELL?

Is the way we perform our activity:

The most { **effective**
cost-efficient
time-efficient
customer-friendly
inclusive } way to do it?

RIGHT-TOUCH REGULATION

**A RISK-MANAGEMENT APPROACH TO EVALUATING
REGULATORY ACTIVITY**

Time to use your workbook!

SECTION A: IDENTIFY THE PROBLEMS

The following bad things could happen when this activity is performed:

- 1.
- 2.
- 3.
- 4.
- 5.

SECTION B: CREATE A *HAZARD PROFILE*

What are the inherent (intrinsic) hazards present when the problem occurs?

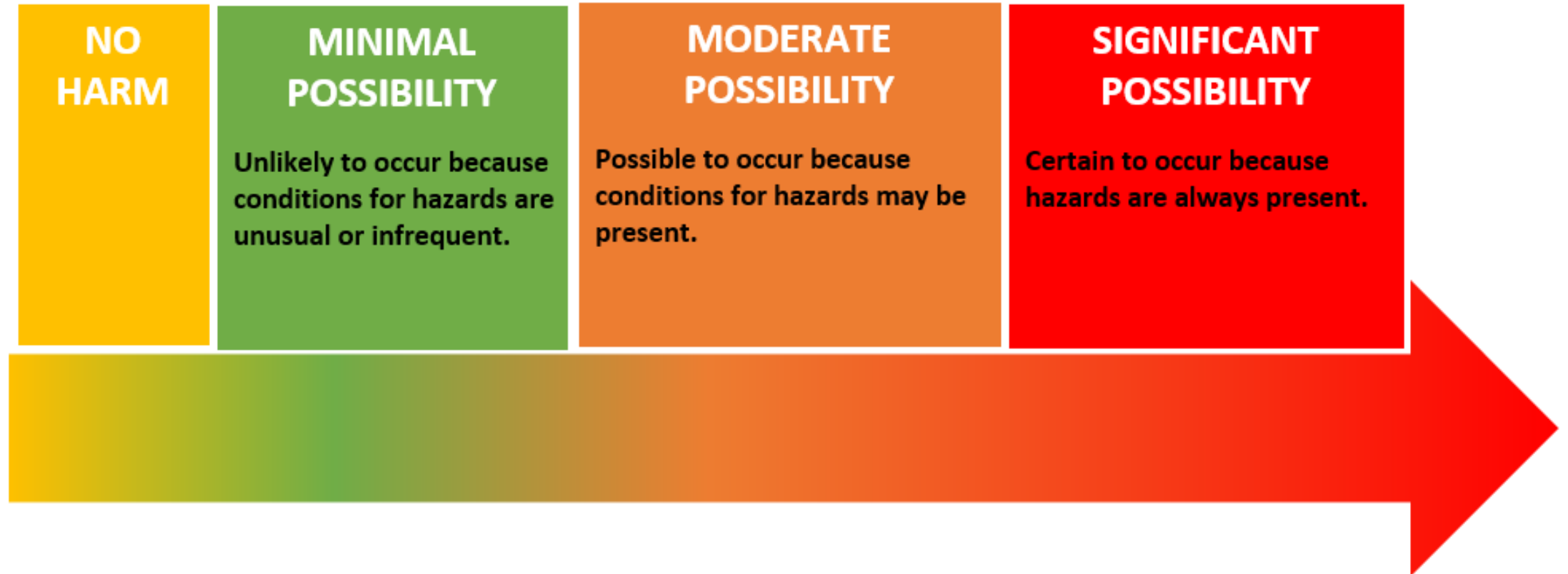
- Complexity
- Context
- Agency

What are the external (extrinsic) hazards present when the problem occurs?

- Scale
- Perception
- Impact of regulation
- Unintended consequences

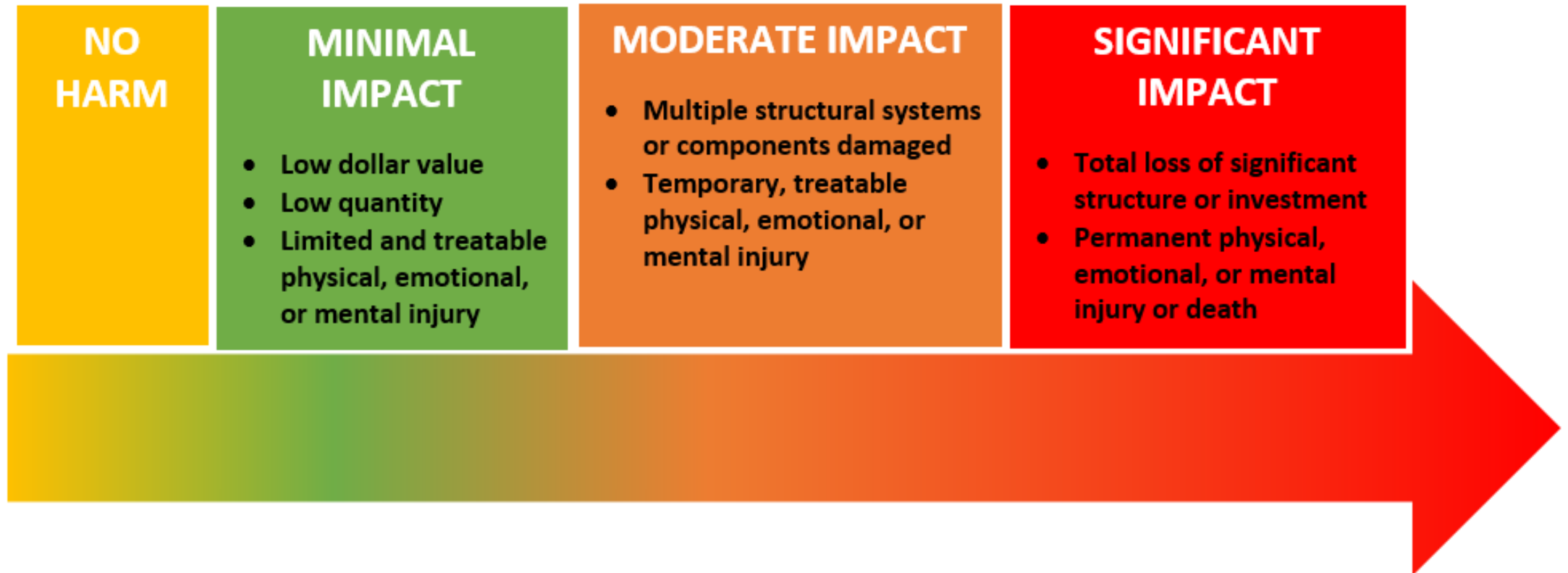
SECTION C: HARM POSSIBILITY

What is the *possibility* for the hazard to lead to creation of a harm?



SECTION D: HARM SIGNIFICANCE

If a harm occurs, what is its significance?



SECTION D: HARM RATINGS

Harm Possibility + Harm Significance = Total Harm Rating

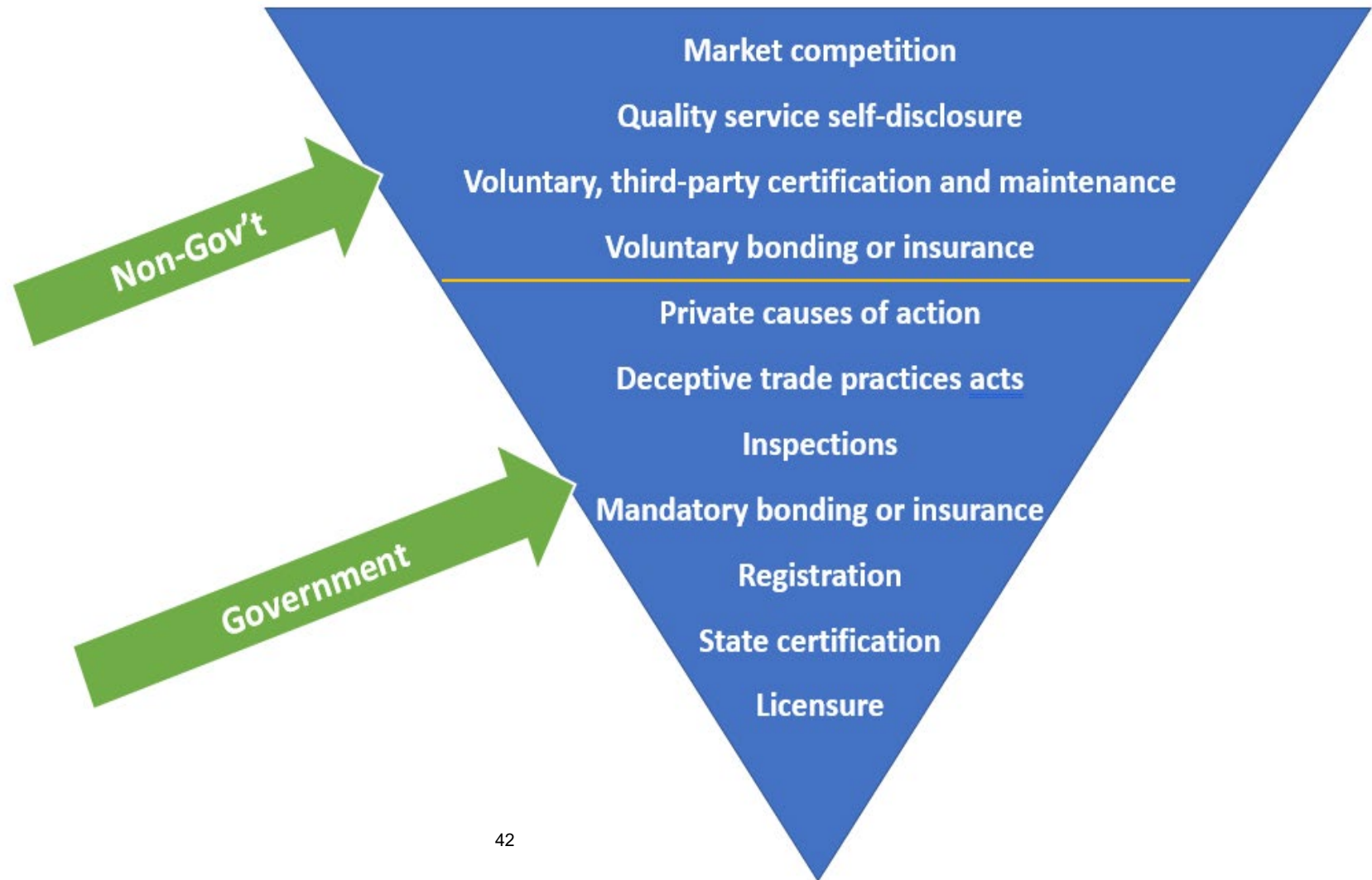
There is no scientific “high” or “low” harm rating for any particular regulated program or activity.

Compare your score with others:

- Did you have similar ratings?
- If not, what data is missing?
- What opinions or biases exist?
- Note any observations and make appropriate changes.

SECTIONS E & F: HAZARD MANAGEMENT

Examples from the world of professional licensure



SECTIONS E & F: HAZARD MANAGEMENT

The good, the bad, and the ugly: What is an acceptable level of risk? Oversight? Expense? Flexibility?

MARKET

- Yelp, Angie's List, Facebook
- Written warranty or money-back guarantee
- Better Business Bureau, Good Housekeeping Seal, national accreditation
- Employer/facility oversight
- Voluntary proof of insurance or bond

PALLIATIVE REGULATION

- Law requires proof of insurance or bonding
- Legal grounds for court action, may enjoin the state
- May be disciplined for violations

PREVENTATIVE REGULATION

- Must appear on an approved state list
- Periodic safety or compliance reviews by state agency
- Must meet state criteria

SECTIONS G & H: HAZARD MANAGEMENT

The good, the bad, and the ugly: What is an acceptable level of risk? Oversight? Expense? Flexibility?

Non-governmental regulation	Governmental regulation
Many options available	Fewer options available
Assumes an element of risk	Presumed safe
Less predictable, more agile	Predictable, slow to change
Less transparent, public process is optional	More transparent, public process is mandatory
Based on policy and practice	Based on statute and regulation
Accountable to the market/consumer	Accountable to state processes and agencies
Recourse through litigation, social media campaigns	Recourse through Administrative Procedures Act
May be unclear who is controlling quality, safety	Identity of the regulator is usually obvious
Cost depends on situation, funding can be fluid ⁴⁴	Cost is set in state budget, statute, or regulation

SECTION I: MANAGEMENT RATINGS

Type of Management + Restrictiveness + Flexibility
= Total Management Rating

There is no scientific “high” or “low” management rating for any particular regulated program or activity.

Compare your score with others:

- Below your ratings, write down your observations and opinions.
- Are you surprised that a particular hazard has a higher number—and therefore a more regulatory management response—than others?
- Reconsider any changes.

SECTION J: NEXT STEPS

What are the next steps to adjust the climate of regulation of the profession you are reviewing?

Compare your score with others:

- Review the documentation you have created in the previous exercises.
- What changes are needed to implement new management strategies?
- What are current inhibitors to improvement in management of relevant hazards?
- Reconsider any changes.
- Create a written, time-bound plan to accomplish next steps

THANK YOU!

THE REGULATORY REVIEW TEAM
GOVERNOR MICHAEL J. DUNLEAVY

Amy Demboski, Assistant Commissioner, DCCED (Project Manager)

Julie Anderson, Commissioner, DCCED

Adam Crum, Commissioner, DHSS

John MacKinnon, Commissioner, DOTPF

Sara Chambers, Division Director, DCCED

Glenn Hoskinson, Special Assistant, DCCED

Is it government's responsibility?

EVALUATING OCCUPATIONAL LICENSING REGULATION

Department: _____ Division: _____

Rater: _____ Role: _____ Date: _____

Sector/activity/program under review: _____

This evaluation tool is based on the principles of **right-touch regulation**, which does not prescribe an outcome but leads the thoughtful regulator to explore what characteristics of oversight will properly limit or address any problems with the activity in question.

The principles state that regulation should aim to be:

Proportionate	Regulators should only intervene when necessary . Remedies should be appropriate to the risk posed, and costs identified and minimized
Consistent	Rules and standards must be aligned and implemented fairly
Targeted	Regulation should be focused on the problem, and minimize side effects
Transparent	Regulators should be open, and keep regulations simple and user friendly
Accountable	Regulators must be able to justify decisions, and be subject to public scrutiny
Agile	Regulation must look forward and be able to adapt to anticipate change

These principles provide the foundation for thinking on policy in all sectors of society. The concept of right-touch regulation emerges naturally from these six principles: bringing together commonly agreed-upon principles of good regulation with understanding of a sector and a quantified and qualified assessment of risk of harm. It is intended for those making decisions about the design of a regulatory framework.

What this exercise WILL do:

- prompt you to consider new ideas to solve problems
- encourage deep dives into alternatives to regulation
- provide justification and reinforcement of management decisions
- expose you to fresh perspectives
- provide a framework for further discussion

What this exercise WILL NOT do:

- tell you how to solve the problem
- make you feel comfortable
- force you to change

This workbook is intended to accompany an explanatory presentation with the same title. If you have received the workbook without access to the presentation or materials, please contact Sara Chambers at sara.chambers@alaska.gov.

Identify the Problems

We need to identify the problem before we can determine whether any policy is the right one. Often in policy development the need for regulatory change, as a solution, is identified before the problem is properly described and understood. This can lead to inefficiencies as resources are spent developing a regulatory solution when the problem may be better dealt with in other ways.



Examples from various professions:

- An improperly built structure could collapse.
- A person could overdose on prescribed medication.
- Wildlife could be wantonly wasted.

A. Describe the problems with this profession. List each problem on a separate line.

Quantify and Qualify the Risks

Once the problem has been identified, we need to understand it fully and quantify and qualify the risks associated with it. Quantifying risks means gauging the likelihood of harm occurring and its severity. Qualifying risks means looking closely at the nature of the harm, and understanding how and why it occurs. Without this two-fold evaluation, which must be based on evidence, it is impossible to judge whether regulatory action is necessary, what type of regulatory response might be needed, or whether it would be better to use other means of managing the issues. Regulation should only be chosen when it clearly provides the best solution. Simply identifying a real or potential risk is not sufficient.

B. Create a *hazard profile* for each problem

Intrinsic Hazards		Extrinsic Hazards	
Complexity	Potential for harm caused by essential features of practice; for example: prescribing, surgical and psychological interventions	Scale	This criterion helps to ascertain the dimensions of harm. If the number of practitioners or service users is small, then this may suggest an alternative method of assurance would be appropriate. Conversely, support workers might pose a small risk volume in terms of complexity but are high in numbers.
The complexity and inherent hazards of the activity		<ul style="list-style-type: none"> Size of service user group Size of practitioner or licensee group 	
Context	Environments with varying levels of oversight (hospitals, private practice, homes) may indicate greater or lesser opportunity for hazards—or the ability to proactively or reactively manage hazards.	Perception	This criterion enables consideration of probable effects on public confidence in the occupation or needs of employers or other agencies using the services of the occupational group.
The environments in which the intervention takes place		Need for: <ul style="list-style-type: none"> Public confidence in the occupation Assurance for employers or other stakeholders 	Take care not to allow false perceptions influence your answers.
Agency	Contact with service users who may have less ability to exercise control over their care and circumstances may indicate a greater opportunity for hazards.	Impact of regulation	This criterion considers the impact of assurance mechanisms on the cost and supply of the occupation.
Service user vulnerability or autonomy		<ul style="list-style-type: none"> Market Workforce Quality Cost Innovation 	Market impact might include market size, prices, trading conditions, labor supply, employer needs, cost to licensee.
		Unintended Consequences	Any identifiable unintended consequences of the proposed forms of assurance are considered so that any implications can be addressed.
Problem	Intrinsic Hazards	Extrinsic Hazards	

	1. 2. 3.	1. 2. 3.
	1. 2. 3.	1. 2. 3.
	1. 2. 3.	1. 2. 3.
	1. 2. 3.	1. 2. 3.
	1. 2. 3.	1. 2. 3.

C. What is the possibility for the hazard(s) to lead to creation of a harm?

1-2	No harm to person or property is associated with this profession.
3-4	Minimal possibility of harm: Unlikely to occur because conditions for hazards are unusual or infrequent.
5-6	Moderate possibility of harm: Possible to occur because conditions for hazards may be present.
7-8	Significant possibility of harm: Likely to occur because hazards are frequently present.
9-10	Significant possibility of harm: Certain to occur because hazards are always present.

Hazard	Possibility Rating	Explanation of the possibility of harm: What is the likelihood for something to go wrong? What conditions must be triggered?
1.		
2.		
3.		
4.		

5.		
6.		
7.		
8.		
9.		
10.		

D. What is the significance of the harm?

1-2	No harm to person or property is associated with this profession.		
3-4	Minimal harm to property: Items of low dollar value or low quantity could be damaged or destroyed.		
5-6	Moderate harm to property Multiple structural systems or components or a single system/component of moderate value or investment could be damaged or destroyed.	OR	Minimal harm to life, health, or safety <ul style="list-style-type: none"> Physical/emotional/mental harm to a person could be limited and minor, no treatment required Small number of people possibly affected
7-8	Significant harm to property Total loss of significant structure or investment	OR	Moderate harm to life, health, or safety to a person <ul style="list-style-type: none"> Temporary, treatable physical/emotional/mental injury could occur Larger number of people possibly affected
9-10	Significant harm to life, health, or safety: Permanent physical/emotional/mental injury or death could occur. Wide audience of potential victims.		

Hazard	Significance Rating	Explanation of the significance of the harm
1.		
2.		
3.		
4.		
5.		
6.		
7.		

8.		
9.		
10.		

Total your ratings regarding *harm*:

Hazard	Harm Possibility Rating	Harm Significance Rating	TOTAL
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9			
10.			

Write down any observations regarding your rating totals:

Get as Close to the Problem as Possible

Once we have identified the problem and fully understood the risks, we must look for a solution that is as close to the problem as possible. Regulation is distant and removed from the point of care and problems are best solved near to where they occur. Targeted regulation needs to understand both the range of hazards and the factors that increase or decrease the risk of them resulting in harm. This means understanding the context in which the problem arises and the different tools that may be available to tackle the issues. We may need to work with organizations and individuals that are closer to the problem to bring about change. Some problems may be best tackled by regulatory measures applying to a whole profession, while others may require more targeted regulation or a non-regulatory approach.

Focus on the Outcome

Adopting a “right-touch” approach means staying focused on the outcome that we are looking to achieve, rather than being concerned about process, or prioritizing interests other than public safety. The outcome should be both tangible and measurable, and it must be directed towards the reduction of harm. Staying focused on the outcome helps identify the most appropriate solution. Having a clearly defined and measurable outcome also makes it easier to measure effectiveness.

Use Regulation Only When Necessary

Once the problem has been considered, we may begin to examine whether a regulatory change is the right proposal, evaluating this against the options of doing nothing and the risks and benefits of intervening. Making changes to regulation, especially statutory regulation, can be a slow process, so regulation should only be used as a solution when other actions are unable to deliver the desired results. A right-touch regulatory solution must keep to the six principles of good regulation and should build on existing approaches where possible. This will often involve looking for solutions other than regulation and may require regulators to work with other organizations and people to bring about change.

E. How can the hazards be managed without state regulation? Total harm ratings under 14 *may best be managed through non-governmental strategies*. If they can't, explain why.

0	Market competition	Yelp, Angie's List, Facebook, word of mouth
0	Quality service self-disclosure	Written specific warranty or money-back guarantee
0	Voluntary third-party certification	Better Business Bureau, national accreditation
1	Partnership with stakeholders	Employer/facility oversight, such as training, qualifications, codes of conduct, supervision, and evaluation
1	Voluntary bonding/insurance	Proof of insurance or bond is available
2	Local/municipal ordinance	Regulated or managed at the local level
Assign numbers	Other ideas:	

Hazard	Non-State Management Rating	Explanation of your suggested management <i>solution</i> in section E
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

Keep it Simple

For regulation to work, it must be clear to those who are regulated, clear to the public, clear to employers, and clear to the regulator. If each cannot explain to the other what the purpose of a regulation is and why it will work, it is not simple. This is as true in health and social care, with such a wide variety of agencies and individuals involved, as it is in other sectors. Avoiding complexity will lead to a greater impact. A regulatory response should be as simple as it can be while achieving the desired outcome.

Check for Unintended Consequences

Assessing the probable impact of a particular solution is an essential step to help us avoid unintended consequences. In a system as interconnected and complex as health and social care, for example, it is inevitable that proposing a change in policy and practice will have consequences for other parts of the system. If regulations are not workable, people will work around them and in doing so create new risks. Regulating to remove one risk without a proper analysis of the consequences may create new risks or merely move the risk to a different place.

F. How can the risk of hazards be managed through government regulation? List the potential unintended consequences or new risks created by government intervention.

Do these consequences outweigh the benefits of regulation? Why is state intervention the only solution? Validate your answer; you may find that you change your mind.

2	Legal recourse/consumer protection acts	Legal grounds for court action, may enjoin the state
3	Mandatory bonding/insurance	Law requires proof of insurance or bonding
5	State Inspection	Periodic safety or compliance reviews by state agency
6	State Registration	Must be on an approved state list; minimal entry criteria required
8	State Certification	Must meet state criteria, no discipline is applicable
10	State Licensure	Must meet state criteria, may be disciplined for violations
Hazard	State Management Rating	Explanation of your suggested management <i>solution</i> in section F
1.		
2.		

3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		

G. Rate the level of restriction on market participants or restriction of access to services created by the management of each hazard.

1-2	Not restrictive: No solution is necessary.
3-4	Minimally restrictive: A voluntary market solution like self-certification or bonding was selected. Most people can easily meet these criteria, and the service is widely available.

5-6	Moderately restrictive: A low-impact regulatory solution like registration, bonding, or insurance was selected. Most people seeking to enter the profession can meet these criteria, and the service is available in most markets.
7-8	Very restrictive: National certification/examination or another universal industry standard was selected. Many people seeking to enter the profession can meet these criteria, and the service is usually available in medium-to-large markets.
9-10	Extremely restrictive: Full licensure with criteria like restricted education, supervision, and examination was selected. Some people seeking to enter the profession can meet these criteria, and the service is usually only available in large markets.

Hazard	Restrictiveness Rating	Explanation of the restrictions created by your suggested <i>management</i> solutions in sections E and F.
1.		
2.		
3.		
4.		

5.		
6.		
7.		
8.		
9.		
10.		

Review and Respond to Change

We should build flexibility into regulatory strategy to enable regulation to respond to change. All sectors evolve over time, as a result of a range of different influences. Regulators must not be left managing the crises of the past, while ignoring or being unable to react to new evidence that calls for change. This is what we mean by agility. A program of regular reviews, evaluation, and sunset audits can all help here.

H. Rate the level of flexibility of the management strategy as determined above.

1	Extremely flexible: No solution is necessary.	
3	Moderately flexible: Solution is managed by the participant or employer.	
7	Minimally flexible: Management of the problem requires state regulation change.	
10	Not flexible: Management of the problem requires state statute change.	
Hazard	Flexibility Rating	Provide method and frequency of evaluation to determine whether the solution is relevant and effective and—if not—how changes can be made
1.		
2.		
3.		
4.		
5.		
6.		

7.		
8.		
9.		
10.		

I. Total all your *management* ratings:

Below your ratings, write down your observations. Are you surprised that a particular hazard has a higher number—and therefore a more regulatory management response—than others? Reconsider any changes. If you are doing this exercise in a small group, discuss your ratings and answers with colleagues.

Hazard	Non-State Management Rating	State Management Rating	Restrictiveness Rating	Flexibility Rating	TOTAL
1.					

2.					
3.					
4.					
5.					
6.					
7.					

8.					
9.					
10.					

J. Determining next steps

What must happen to adjust the climate of regulation of the profession you are reviewing? Review the documentation you have created in the previous exercises.

Hazard	Changes needed to implement new management strategies	Current inhibitors to improvement in management of relevant hazards
--------	---	---

1.		
2.		
3.		
4.		
5.		
6.		

7.		
8.		
9.		
10.		

Deadlines and due-outs to accomplish next steps:

Next Step	Person Responsible	Target Date of Draft	Target Date Final

This workbook was developed by the Alaska Department of Commerce, Community, and Economic Development; Division of Corporations, Business and Professional Licensing (www.commerce.alaska.gov/web/cbpl) in 2019.

Primary credit for the narrative and concepts used in this tool are to the Professional Standards Authority (www.professionalstandards.org.uk). The concept of right-touch regulation emerges from the application of the principles of good regulation identified by the [Better Regulation Executive](#) in 2000, to which the [Professional Standards Authority](#) added agility as a sixth principle. All rights are reserved by the PSA.

Questions about this workbook can be directed to Sara Chambers, Director, Alaska Division of Corporations, Business and Professional Licensing, at sara.chambers@alaska.gov.

REVENUE EXPENDITURE REPORT

Department of Commerce Community, and Economic Development
Corporations, Business and Professional Licensing
Schedule of Revenues and Expenditures

Board of Marine Pilots and Foreign Pleasure Craft	FY 14	FY 15	Biennium	FY 16	FY 17	Biennium	FY 18	FY 19	Biennium
Revenue									
Revenue from License Fees	\$ 48,500	\$ 277,450	\$ 325,950	\$ 65,188	\$ 281,640	\$ 346,828	\$ 91,150	\$ 206,450	\$ 297,600
Allowable Third Party Reimbursements	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	\$ 48,500	\$ 277,450	\$ 325,950	\$ 65,188	\$ 281,640	\$ 346,828	\$ 91,150	\$ 206,450	\$ 297,600
Expenditures									
Non Investigation Expenditures									
1000 - Personal Services	93,647	79,353	173,000	57,669	38,731	96,400	83,020	78,538	161,558
2000 - Travel	14,262	14,410	28,672	11,698	10,370	22,068	14,158	8,709	22,867
3000 - Services	4,001	10,416	14,417	6,464	5,294	11,758	3,398	4,919	8,317
4000 - Commodities	108	734	842	541	587	1,128	195	702	897
5000 - Capital Outlay	-	-	-	-	-	-	-	-	-
Total Non-Investigation Expenditures	112,018	104,913	216,931	76,372	54,982	131,354	100,771	92,868	193,639
Investigation Expenditures									
1000-Personal Services	920	802	1,722	4,398	96	4,494	9,360	14,528	23,888
2000 - Travel								1,341	1,341
3023 - Expert Witness	-	-	-	-	3,454	3,454	-	200	200
3088 - Inter-Agency Legal	18,690	1,804	20,494	1,418	241	1,659	795	33	828
3094 - Inter-Agency Hearing/Mediation	-	-	-	-	-	-	-	87	87
3000 - Services other								5	5
4000 - Commodities								-	-
Total Investigation Expenditures	19,610	2,606	22,216	5,816	3,791	9,607	10,155	16,194	26,349
Total Direct Expenditures	131,628	107,519	239,147	82,188	58,773	140,961	110,926	109,062	219,988
Indirect Expenditures									
Internal Administrative Costs	2,643	6,000	8,643	6,152	6,628	12,780	13,970	13,964	27,934
Departmental Costs	9,329	10,521	19,850	8,334	8,047	16,381	14,865	16,624	31,489
Statewide Costs	8,218	6,988	15,206	3,670	4,761	8,431	10,324	9,685	20,009
Total Indirect Expenditures	20,190	23,509	43,699	18,156	19,436	37,592	39,159	40,273	79,432
TOTAL EXPENDITURES	\$ 151,818	\$ 131,028	\$ 282,846	\$ 100,344	\$ 78,209	\$ 178,553	\$ 150,085	\$ 149,335	\$ 299,420
Cumulative Surplus (Deficit)									
Beginning Cumulative Surplus (Deficit)	\$ 93,703	\$ (9,615)		\$ 136,807	\$ 101,651		\$ 305,082	\$ 246,147	
Annual Increase/(Decrease)	(103,318)	146,422		(35,156)	203,431		(58,935)	57,115	
Ending Cumulative Surplus (Deficit)	\$ (9,615)	\$ 136,807		\$ 101,651	\$ 305,082		\$ 246,147	303,262	
							* No fee changes needed		
Statistical Information									
Number of Licensees	90	93		138	154		152	132	
Additional information: <ul style="list-style-type: none"> • Fee analysis required if the cumulative is less than zero; fee analysis recommended when the cumulative is less than current year expenditures; no fee increases needed if cumulative is over the current year expenses * • Most recent fee change: Fee reduction FY19 • Annual license fee analysis will include consideration of other factors such as board and licensee input, potential investigation load, court cases, multiple license and fee types under one program, and program changes per AS 08.01.065. 									

Department of Commerce Community, and Economic Development
Corporations, Business and Professional Licensing
Schedule of Revenues and Expenditures

Appropriation	(All)
AL Sub Unit	(All)
PL Task Code	(Multiple Items)

Sum of Budgetary Expenditures	Object Type Name (Ex)				
Object Name (Ex)	1000 - Personal Services	2000 - Travel	3000 - Services	4000 - Commodities	Grand Total
1011 - Regular Compensation	49,077.38				49,077.38
1023 - Leave Taken	9,069.86				9,069.86
1028 - Alaska Supplemental Benefit	3,568.01				3,568.01
1029 - Public Employee's Retirement System Defined Benefits	417.57				417.57
1030 - Public Employee's Retirement System Defined Contribution	2,958.85				2,958.85
1034 - Public Employee's Retirement System Defined Cont Health Reim	1,660.31				1,660.31
1035 - Public Employee's Retirement Sys Defined Cont Retiree Medical	528.74				528.74
1037 - Public Employee's Retirement Sys Defined Benefit Unfnd Liab	7,227.27				7,227.27
1039 - Unemployment Insurance	91.20				91.20
1040 - Group Health Insurance	15,042.86				15,042.86
1041 - Basic Life and Travel	21.08				21.08
1042 - Worker's Compensation Insurance	489.27				489.27
1047 - Leave Cash In Employer Charge	1,343.30				1,343.30
1048 - Terminal Leave Employer Charge	813.78				813.78
1053 - Medicare Tax	756.83				756.83
1077 - ASEA Legal Trust	0.77				0.77
2000 - In-State Employee Airfare		1,628.35			1,628.35
2001 - In-State Employee Surface Transportation		381.61			381.61
2002 - In-State Employee Lodging		1,213.00			1,213.00
2003 - In-State Employee Meals and Incidentals		540.00			540.00
2005 - In-State Non-Employee Airfare		1,757.96			1,757.96
2007 - In-State Non-Employee Lodging		1,407.00			1,407.00
2008 - In-State Non-Employee Meals and Incidentals		1,050.00			1,050.00
2009 - In-State Non-Employee Taxable Per Diem		64.00			64.00
2010 - In-State Non-Employee Non-Taxable Reimbursement		2,007.81			2,007.81
2970 - Travel Cost Transfer		-			-
3000 - Training/Conferences			435.00		435.00
3023 - Expert Witness			200.00		200.00
3035 - Long Distance			22.87		22.87
3036 - Local/Equipment Charges			135.25		135.25
3046 - Advertising			863.71		863.71
3069 - Commission Sales			76.75		76.75
3088 - Inter-Agency Legal			3,314.21		3,314.21
3094 - Inter-Agency Hearing/Mediation			86.80		86.80
3970 - Contractual Transfer			109.00		109.00
4002 - Business Supplies				114.00	114.00
4025 - Signs and Markers				587.50	587.50
Grand Total	93,067.08	10,049.73	5,243.59	701.50	109,061.90

FY 2019 CBPL COST ALLOCATIONS

Name	Task Code	Direct Revenues	3rd Party Reimbursement	Total Revenues	Direct Expense	Percentage of board licenses/total licensees:	Division receipting personal services by transaction %:	Department Personal Services - Fiscal Revenue personal services by transaction %	Indirect Expense (Total Non-PCN Allocated)	Percentage of direct personal services:	Total Indirect Expenses	Total Expenses	2019 Annual Surplus (Deficit)
Acupuncture	ACU1	\$ 39,220	\$ -	\$ 39,220	\$ 9,421	\$ 3,211	\$ 372	\$ 728	\$ 4,311	3,130	\$ 7,441	\$ 16,862	\$ 22,358
Architects, Engineer	AEL1	\$ 161,305	\$ 10,892	\$ 172,197	\$ 409,158	\$ 173,072	\$ 11,462	\$ 1,352	\$ 185,886	120,476	\$ 306,362	\$ 715,520	\$ (543,323)
Athletic Trainers	ATH1	\$ 5,005	\$ -	\$ 5,005	\$ 2,348	\$ 1,062	\$ 135	\$ 39	\$ 1,236	860	\$ 2,096	\$ 4,444	\$ 561
Audiology/Speech Pathologists	AUD1	\$ 168,637	\$ -	\$ 168,637	\$ 28,180	\$ 20,728	\$ 4,170	\$ 1,430	\$ 26,328	10,326	\$ 36,654	\$ 64,834	\$ 103,803
Barbers & Hairdressers	BAH1	\$ 439,932	\$ -	\$ 439,932	\$ 389,605	\$ 160,158	\$ 20,975	\$ 3,030	\$ 184,163	124,454	\$ 308,617	\$ 698,222	\$ (258,290)
Behavior Analysts	BEV1	\$ 15,950	\$ -	\$ 15,950	\$ 5,420	\$ 1,464	\$ 327	\$ 650	\$ 2,441	1,804	\$ 4,245	\$ 9,665	\$ 6,285
Chiropractors	CHI1	\$ 211,760	\$ -	\$ 211,760	\$ 77,361	\$ 8,523	\$ 2,784	\$ 1,430	\$ 12,737	24,832	\$ 37,569	\$ 114,930	\$ 96,830
Collection Agencies	COA1	\$ 39,272	\$ -	\$ 39,272	\$ 37,387	\$ 17,022	\$ 2,175	\$ 377	\$ 19,574	12,740	\$ 32,314	\$ 69,701	\$ (30,429)
Concert Promoters	CPR1	\$ 6,625	\$ -	\$ 6,625	\$ 3,948	\$ 661	\$ 203	\$ 52	\$ 916	1,501	\$ 2,417	\$ 6,365	\$ 260
Construction Contractors	CON1	\$ 1,390,292	\$ -	\$ 1,390,292	\$ 551,487	\$ 202,889	\$ 25,246	\$ 4,395	\$ 232,530	108,468	\$ 340,998	\$ 892,485	\$ 497,807
Home Inspectors	HIN1	\$ 5,475	\$ -	\$ 5,475	\$ 8,833	\$ 2,219	\$ 270	\$ 78	\$ 2,567	3,315	\$ 5,882	\$ 14,715	\$ (9,240)
Dental	DEN1	\$ 636,660	\$ 127	\$ 636,787	\$ 332,050	\$ 126,304	\$ 9,028	\$ 2,536	\$ 137,868	88,204	\$ 226,072	\$ 558,122	\$ 78,665
Dietitians/Nutritionists	DTN1	\$ 14,055	\$ -	\$ 14,055	\$ 8,067	\$ 6,988	\$ 1,409	\$ 234	\$ 8,631	2,797	\$ 11,428	\$ 19,495	\$ (5,440)
Direct Entry Midwife	MID1	\$ 135,595	\$ -	\$ 135,595	\$ 16,102	\$ 1,298	\$ 192	\$ 364	\$ 1,854	4,202	\$ 6,056	\$ 22,158	\$ 113,437
Dispensing Opticians	DOP1	\$ 32,558	\$ -	\$ 32,558	\$ 19,010	\$ 2,809	\$ 721	\$ 598	\$ 4,128	7,058	\$ 11,186	\$ 30,196	\$ 2,362
Electrical Administrator	EAD1	\$ 16,781	\$ -	\$ 16,781	\$ 60,352	\$ 22,546	\$ 2,074	\$ 520	\$ 25,140	12,325	\$ 37,465	\$ 97,817	\$ (81,036)
Euthanasia Services	EUT1	\$ 275	\$ -	\$ 275	\$ 813	\$ 331	\$ 23	\$ 78	\$ 432	323	\$ 755	\$ 1,568	\$ (1,293)
Geologists	GEO1	\$ 745	\$ -	\$ 745	\$ 777	\$ 189	\$ 158	\$ 13	\$ 360	273	\$ 633	\$ 1,410	\$ (665)
Guardians/Conservators	GCO1	\$ 8,934	\$ -	\$ 8,934	\$ 6,864	\$ 331	\$ 56	\$ 104	\$ 491	2,357	\$ 2,848	\$ 9,712	\$ (778)
Guide-Outfitters	GUI1	\$ 405,090	\$ -	\$ 405,090	\$ 511,497	\$ 34,633	\$ 12,803	\$ 1,508	\$ 48,944	88,129	\$ 137,073	\$ 648,570	\$ (243,480)
Marine Pilots	MAR1	\$ 128,600	\$ -	\$ 128,600	\$ 102,224	\$ 3,116	\$ 665	\$ 715	\$ 4,496	32,628	\$ 37,124	\$ 139,348	\$ (10,748)
Foreign Pleasure Craft	FPC1	\$ 77,850	\$ -	\$ 77,850	\$ 6,838	\$ -	\$ 237	\$ 156	\$ 393	2,756	\$ 3,149	\$ 9,987	\$ 67,863
Marital & Family Therapy	MFT1	\$ 84,050	\$ -	\$ 84,050	\$ 45,031	\$ 2,408	\$ 383	\$ 520	\$ 3,311	14,422	\$ 17,733	\$ 62,764	\$ 21,286
Massage Therapists	MAS1	\$ 89,770	\$ 1,791	\$ 91,561	\$ 222,447	\$ 30,148	\$ 3,843	\$ 923	\$ 34,914	57,091	\$ 92,005	\$ 314,452	\$ (222,891)
Mechanical Administrator	MEC1	\$ 12,615	\$ -	\$ 12,615	\$ 57,411	\$ 13,811	\$ 1,127	\$ 182	\$ 15,120	9,417	\$ 24,537	\$ 81,948	\$ (69,333)
Medical	MED1	\$ 2,380,618	\$ 184	\$ 2,380,802	\$ 825,304	\$ 198,805	\$ 34,668	\$ 5,136	\$ 238,609	265,208	\$ 503,817	\$ 1,329,121	\$ 1,051,681
Mortuary Science	MOR1	\$ 32,038	\$ -	\$ 32,038	\$ 9,921	\$ 3,565	\$ 169	\$ 351	\$ 4,085	3,529	\$ 7,614	\$ 17,535	\$ 14,503
Naturopaths	NAT1	\$ 4,690	\$ -	\$ 4,690	\$ 8,078	\$ 1,086	\$ 56	\$ 52	\$ 1,194	2,656	\$ 3,850	\$ 11,928	\$ (7,238)
Nurse Aides	NUA1	\$ 242,905	\$ -	\$ 242,905	\$ 232,562	\$ 84,281	\$ 11,857	\$ 794	\$ 96,932	46,226	\$ 143,158	\$ 375,720	\$ (132,815)
Nursing	NUR1	\$ 3,775,420	\$ 731	\$ 3,776,151	\$ 1,347,133	\$ 485,288	\$ 62,507	\$ 8,039	\$ 555,834	394,187	\$ 950,021	\$ 2,297,152	\$ 1,478,999
Nursing Home Administrators	NHA1	\$ 14,105	\$ 389	\$ 14,494	\$ 10,193	\$ 1,393	\$ 338	\$ 377	\$ 2,108	3,096	\$ 5,204	\$ 15,397	\$ (903)
Optometry	OPT1	\$ 131,350	\$ -	\$ 131,350	\$ 52,920	\$ 6,115	\$ 575	\$ 819	\$ 7,509	14,494	\$ 22,003	\$ 74,923	\$ 56,427
Pawnbrokers	PAW1	\$ 1,275	\$ -	\$ 1,275	\$ 1,670	\$ 614	\$ 23	\$ 13	\$ 650	488	\$ 1,138	\$ 2,808	\$ (1,533)
Pharmacy	PHA1	\$ 213,770	\$ 962	\$ 214,732	\$ 304,310	\$ 146,442	\$ 16,196	\$ 2,041	\$ 164,679	98,892	\$ 263,571	\$ 567,881	\$ (353,149)
Physical/Occupational Therapy	PHY1	\$ 125,615	\$ 724	\$ 126,339	\$ 136,965	\$ 49,341	\$ 8,611	\$ 1,612	\$ 59,564	47,892	\$ 107,456	\$ 244,421	\$ (118,082)
Prescription Drug Monitoring Program	PDMP	\$ 90,765	\$ -	\$ 90,765	\$ 6,053	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ 6,053	\$ 84,712
Professional Counselors	PCO1	\$ 77,200	\$ -	\$ 77,200	\$ 126,737	\$ 18,391	\$ 2,930	\$ 845	\$ 22,166	46,054	\$ 68,220	\$ 194,957	\$ (117,757)
Psychology	PSY1	\$ 141,845	\$ 1,696	\$ 143,541	\$ 98,689	\$ 7,319	\$ 1,533	\$ 923	\$ 9,775	30,578	\$ 40,353	\$ 139,042	\$ 4,499
Public Accountancy	CPA1	\$ 155,871	\$ 2,241	\$ 158,112	\$ 248,291	\$ 40,346	\$ 3,370	\$ 468	\$ 44,184	83,935	\$ 128,119	\$ 376,410	\$ (218,298)
Real Estate	REC1	\$ 282,453	\$ -	\$ 282,453	\$ 224,480	\$ 95,401	\$ 16,331	\$ 767	\$ 112,499	76,027	\$ 188,526	\$ 413,006	\$ (130,553)
Real Estate Appraisers	APR1	\$ 190,565	\$ 4,314	\$ 194,879	\$ 134,408	\$ 7,035	\$ 2,198	\$ 1,014	\$ 10,247	43,708	\$ 53,955	\$ 188,363	\$ 6,516
Social Workers	CSW1	\$ 65,878	\$ 506	\$ 66,384	\$ 108,430	\$ 22,829	\$ 4,001	\$ 1,274	\$ 28,104	36,653	\$ 64,757	\$ 173,187	\$ (106,803)
Storage Tank Workers	UST1	\$ 2,515	\$ -	\$ 2,515	\$ 2,463	\$ 1,487	\$ 135	\$ 65	\$ 1,687	854	\$ 2,541	\$ 5,004	\$ (2,489)
Veterinary	VET1	\$ 292,515	\$ 282	\$ 292,797	\$ 111,675	\$ 22,121	\$ 3,595	\$ 1,612	\$ 27,328	38,851	\$ 66,179	\$ 177,854	\$ 114,943
No longer existent board/commission (ie Athletic)													
Totals All Boards		\$ 12,348,444	\$ 24,839	\$ 12,373,283	\$ 6,902,913	\$ 2,027,780	\$ 269,931	\$ 48,214	\$ 2,345,925	\$ 1,967,216	\$ 4,313,141	\$ 11,216,052	\$ 1,157,231

ABL & Corporations	080801005	\$ 10,034,379	\$ -	\$ 10,034,379	\$ 1,220,779	\$ (32,041)	\$ 267,103	\$ 17,225	\$ 252,287	\$ 259,053	\$ 511,340	\$ 1,732,119	
Total CBPL		\$ 21,834,105	\$ 27,053	\$ 21,861,158	\$ 8,648,055	\$ 1,995,739	\$ 537,034	\$ 65,439	\$ 2,598,212	\$ 2,226,269	\$ 4,824,481	\$ 13,472,534	

DIVISION INDIRECT EXPENSES		Total		Prof Lic	Corp & Bus Lic
Percentage of direct personal services:					
Business Supplies		32,422		30,097	2,325
Office Equipment		168,567	**	151,911	16,657
State Vehicles		4,262		3,836	426
Storage and Archives		9,690		9,601	89
Legal Support		42,131		40,721	1,410
Central Mail Services Postage		22,442		20,198	2,244
Software Licensing and Maintenance		65,713	***	61,925	3,788
Division coding adjustment - conversion					
Division Administrative Expenses - all other		359,103		279,183	79,920
Division allocated by percentage of direct personal services:		704,331		597,471	106,859
Percentage of board licenses/total licensees:					
Division supervisors of receipting Personal Services 75%		340,179	****	316,863	23,316
Receipting Personal Services 40%		282,427	****	263,069	19,358
Investigations indirect Personal Services		332,725	*****	308,046	24,679
Division Administration Personal Services		556,905		523,065	33,840
Professional License Administration Personal Services		(94,183)		96,818	(191,001)
Division allocated by percentage of board licenses/total licensees:		1,418,053		1,507,861	(89,808)
Receipting personal services by transaction %:					50%
Division supervisors of receipting Personal Services 25%		113,393	****	56,995	56,398
Receipting Personal Services 60%		423,641	****	212,936	210,705
Division receipting personal services by transaction %:		537,034		269,931	267,103
Total Division Indirect Expenses		2,659,417		2,375,264	284,154
DEPARTMENT INDIRECT EXPENSES		Total		Prof Lic	Corp & Bus Lic
Percentage of direct personal services:					
Commissioner's Office		207,097		186,387	20,710
Administrative Services - Director's Office		37,928		34,135	3,793
Administrative Services - Human Resources		99,481		89,533	9,948
Administrative Services - Fiscal		83,478		75,130	8,348
Administrative Services - Budget		57,246		51,521	5,725
Administrative Services - Information Technology		277,433		249,690	27,743
Administrative Services - Information Technology - Network & Database		138,021		124,219	13,802
Administrative Services - Mail		11,961		10,765	1,196
Administrative Services - Facilities - Maintenance		10,982		9,884	1,098
Department allocated by percentage of direct personal services:		923,627		831,264	92,363
Percentage of board licenses/total licensees:					
Department administrative services support: Fiscal, IT, Procurement		577,686	*	519,919	57,767
Receipting personal services by transaction %:					
Department Personal Services - Fiscal Revenue personal services by transaction %		65,439		48,214	17,225
Total DEPARTMENT INDIRECT EXPENSES		1,566,752	****	1,399,397	167,355
STATEWIDE INDIRECT EXPENSES		Total		Prof Lic	Corp & Bus Lic
Percentage of direct personal services:					
Accounting and Payroll Systems		17,638		15,874	1,764
State Owned Building Rental (Building Leases)		355,653	*****	320,088	35,565
State OIT Server Hosting & Storage		31,071	*****	27,964	3,107
State OIT SQL		16,377	*****	14,739	1,638
State Software Licensing		3,429	*****	3,086	343
Human Resources		63,606		57,245	6,361
IT Non-Telecommunications (Core Cost)		67,597	*****	60,838	6,760
IT Telecommunications		41,163	*****	37,047	4,116
Risk Management		1,778		1,600	178
Statewide allocated by percentage of direct personal services:		598,312		538,481	59,831
FY19 TOTALS BY METHODOLOGY		Total		Prof Lic	Corp & Bus Lic
Percentage of direct personal services:		2,226,269		1,967,216	259,053
Percentage of board licenses/total licensees:		1,995,739		2,027,780	(32,041)
Receipting personal services by transaction %:		602,473		318,145	284,328
Grand Total		4,824,481		4,313,141	511,340

FY 2019 CBPL COST ALLOCATIONS

Name	Task Code	Direct Revenues	3rd Party Reimbursement	Total Revenues	Direct Expense	Percentage of board licenses/total licensees:	Division receipting personal services by transaction %:	Department Personal Services - Fiscal Revenue personal services by transaction %	Indirect Expense (Total Non-PCN Allocated)	Percentage of direct personal services:	Total Indirect Expenses	Total Expenses	2019 Annual Surplus (Deficit)
Acupuncture	ACU1	\$ 39,220	\$ -	\$ 39,220	\$ 9,421	\$ 3,211	\$ 372	\$ 728	\$ 4,311	3,130	\$ 7,441	\$ 16,862	\$ 22,358
Architects, Engineer	AEL1	\$ 161,305	\$ 10,892	\$ 172,197	\$ 409,158	173,072	\$ 11,462	\$ 1,352	185,886	120,476	306,362	715,520	(543,323)
Athletic Trainers	ATH1	\$ 5,005	\$ -	\$ 5,005	\$ 2,348	1,062	\$ 135	\$ 39	1,236	860	2,096	4,444	561
Audiology/Speech Pathologists	AUD1	\$ 168,637	\$ -	\$ 168,637	\$ 28,180	20,728	\$ 4,170	\$ 1,430	26,328	10,326	36,654	64,834	103,803
Barbers & Hairdressers	BAH1	\$ 439,932	\$ -	\$ 439,932	\$ 389,605	160,158	\$ 20,975	\$ 3,030	184,163	124,454	308,617	698,222	(258,290)
Behavior Analysts	BEV1	\$ 15,950	\$ -	\$ 15,950	\$ 5,420	1,464	\$ 327	\$ 650	2,441	1,804	4,245	9,665	6,285
Chiropractors	CHI1	\$ 211,760	\$ -	\$ 211,760	\$ 77,361	8,523	\$ 2,784	\$ 1,430	12,737	24,832	37,569	114,930	96,830
Collection Agencies	COA1	\$ 39,272	\$ -	\$ 39,272	\$ 37,387	17,022	\$ 2,175	\$ 377	19,574	12,740	32,314	69,701	(30,429)
Concert Promoters	CPR1	\$ 6,625	\$ -	\$ 6,625	\$ 3,948	661	\$ 203	\$ 52	916	1,501	2,417	6,365	260
Construction Contractors	CON1	\$ 1,390,292	\$ -	\$ 1,390,292	\$ 551,487	202,889	\$ 25,246	\$ 4,395	232,530	108,468	340,998	892,485	497,807
Home Inspectors	HIN1	\$ 5,475	\$ -	\$ 5,475	\$ 8,833	2,219	\$ 270	\$ 78	2,567	3,315	5,882	14,715	(9,240)
Dental	DEN1	\$ 636,660	\$ 127	\$ 636,787	\$ 332,050	126,304	\$ 9,028	\$ 2,536	137,868	88,204	226,072	558,122	78,665
Dietitians/Nutritionists	DTN1	\$ 14,055	\$ -	\$ 14,055	\$ 8,067	6,988	\$ 1,409	\$ 234	8,631	2,797	11,428	19,495	(5,440)
Direct Entry Midwife	MID1	\$ 135,595	\$ -	\$ 135,595	\$ 16,102	1,298	\$ 192	\$ 364	1,854	4,202	6,056	22,158	113,437
Dispensing Opticians	DOP1	\$ 32,558	\$ -	\$ 32,558	\$ 19,010	2,809	\$ 721	\$ 598	4,128	7,058	11,186	30,196	2,362
Electrical Administrator	EAD1	\$ 16,781	\$ -	\$ 16,781	\$ 60,352	22,546	\$ 2,074	\$ 520	25,140	12,325	37,465	97,817	(81,036)
Euthanasia Services	EUT1	\$ 275	\$ -	\$ 275	\$ 813	331	\$ 23	\$ 78	432	323	755	1,568	(1,293)
Geologists	GEO1	\$ 745	\$ -	\$ 745	\$ 777	189	\$ 158	\$ 13	360	273	633	1,410	(665)
Guardians/Conservators	GCO1	\$ 8,934	\$ -	\$ 8,934	\$ 6,864	331	\$ 56	\$ 104	491	2,357	2,848	9,712	(778)
Guide-Outfitters	GUI1	\$ 405,090	\$ -	\$ 405,090	\$ 511,497	34,633	\$ 12,803	\$ 1,508	48,944	88,129	137,073	648,570	(243,480)
Marine Pilots	MAR1	\$ 128,600	\$ -	\$ 128,600	\$ 102,224	3,116	\$ 665	\$ 715	4,496	32,628	37,124	139,348	(10,748)
Foreign Pleasure Craft	FPC1	\$ 77,850	\$ -	\$ 77,850	\$ 6,838	-	\$ 237	\$ 156	393	2,756	3,149	9,987	67,863
Marital & Family Therapy	MFT1	\$ 84,050	\$ -	\$ 84,050	\$ 45,031	2,408	\$ 383	\$ 520	3,311	14,422	17,733	62,764	21,286
Massage Therapists	MAS1	\$ 89,770	\$ 1,791	\$ 91,561	\$ 222,447	30,148	\$ 3,843	\$ 923	34,914	57,091	92,005	314,452	(222,891)
Mechanical Administrator	MEC1	\$ 12,615	\$ -	\$ 12,615	\$ 57,411	13,811	\$ 1,127	\$ 182	15,120	9,417	24,537	81,948	(69,333)
Medical	MED1	\$ 2,380,618	\$ 184	\$ 2,380,802	\$ 825,304	198,805	\$ 34,668	\$ 5,136	238,609	265,208	503,817	1,329,121	1,051,681
Mortuary Science	MOR1	\$ 32,038	\$ -	\$ 32,038	\$ 9,921	3,565	\$ 169	\$ 351	4,085	3,529	7,614	17,535	14,503
Naturopaths	NAT1	\$ 4,690	\$ -	\$ 4,690	\$ 8,078	1,086	\$ 56	\$ 52	1,194	2,656	3,850	11,928	(7,238)
Nurse Aides	NUA1	\$ 242,905	\$ -	\$ 242,905	\$ 232,562	84,281	\$ 11,857	\$ 794	96,932	46,226	143,158	375,720	(132,815)
Nursing	NUR1	\$ 3,775,420	\$ 731	\$ 3,776,151	\$ 1,347,133	485,288	\$ 62,507	\$ 8,039	555,834	394,187	950,021	2,297,152	1,478,999
Nursing Home Administrators	NHA1	\$ 14,105	\$ 389	\$ 14,494	\$ 10,193	1,393	\$ 338	\$ 377	2,108	3,096	5,204	15,397	(903)
Optometry	OPT1	\$ 131,350	\$ -	\$ 131,350	\$ 52,920	6,115	\$ 575	\$ 819	7,509	14,494	22,003	74,923	56,427
Pawnbrokers	PAW1	\$ 1,275	\$ -	\$ 1,275	\$ 1,670	614	\$ 23	\$ 13	650	488	1,138	2,808	(1,533)
Pharmacy	PHA1	\$ 213,770	\$ 962	\$ 214,732	\$ 304,310	146,442	\$ 16,196	\$ 2,041	164,679	98,892	263,571	567,881	(353,149)
Physical/Occupational Therapy	PHY1	\$ 125,615	\$ 724	\$ 126,339	\$ 136,965	49,341	\$ 8,611	\$ 1,612	59,564	47,892	107,456	244,421	(118,082)
Prescription Drug Monitoring Program	PDMP	\$ 90,765	\$ -	\$ 90,765	\$ 6,053	-	\$ -	\$ -	-	-	-	6,053	84,712
Professional Counselors	PCO1	\$ 77,200	\$ -	\$ 77,200	\$ 126,737	18,391	\$ 2,930	\$ 845	22,166	46,054	68,220	194,957	(117,757)
Psychology	PSY1	\$ 141,845	\$ 1,696	\$ 143,541	\$ 98,689	7,319	\$ 1,533	\$ 923	9,775	30,578	40,353	139,042	4,499
Public Accountancy	CPA1	\$ 155,871	\$ 2,241	\$ 158,112	\$ 248,291	40,346	\$ 3,370	\$ 468	44,184	83,935	128,119	376,410	(218,298)
Real Estate	REC1	\$ 282,453	\$ -	\$ 282,453	\$ 224,480	95,401	\$ 16,331	\$ 767	112,499	76,027	188,526	413,006	(130,553)
Real Estate Appraisers	APR1	\$ 190,565	\$ 4,314	\$ 194,879	\$ 134,408	7,035	\$ 2,198	\$ 1,014	10,247	43,708	53,955	188,363	6,516
Social Workers	CSW1	\$ 65,878	\$ 506	\$ 66,384	\$ 108,430	22,829	\$ 4,001	\$ 1,274	28,104	36,653	64,757	173,187	(106,803)
Storage Tank Workers	UST1	\$ 2,515	\$ -	\$ 2,515	\$ 2,463	1,487	\$ 135	\$ 65	1,687	854	2,541	5,004	(2,489)
Veterinary	VET1	\$ 292,515	\$ 282	\$ 292,797	\$ 111,675	22,121	\$ 3,595	\$ 1,612	27,328	38,851	66,179	177,854	114,943
No longer existent board/commission (ie Athletic)													
Totals All Boards		\$ 12,348,444	\$ 24,839	\$ 12,373,283	\$ 6,902,913	\$ 2,027,780	\$ 269,931	\$ 48,214	\$ 2,345,925	\$ 1,967,216	\$ 4,313,141	\$ 11,216,052	\$ 1,157,231
ABL & Corporations	080801005	\$ 10,034,379	\$ -	\$ 10,034,379	\$ 1,220,779	\$ (32,041)	\$ 267,103	\$ 17,225	\$ 252,287	\$ 259,053	\$ 511,340	\$ 1,732,119	
Total CBPL		\$ 21,834,105	\$ 27,053	\$ 21,861,158	\$ 8,648,055	\$ 1,995,739	\$ 537,034	\$ 65,439	\$ 2,598,212	\$ 2,226,269	\$ 4,824,481	\$ 13,472,534	

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

Board of Marine Pilots and Foreign Pleasure Craft
Schedule of Revenues and Expenditures

Board of Marine Pilots and Foreign Pleasure Craft	FY 14	FY 15	Biennium	FY 16	FY 17	Biennium	FY 18	FY 19	Biennium	FY 20 1st QTR
Revenue										
Revenue from License Fees	\$ 48,500	\$ 277,450	\$ 325,950	\$ 65,188	\$ 281,640	\$ 346,828	\$ 91,150	\$ 206,450	\$ 297,600	\$ 3,100
Allowable Third Party Reimbursements	-	-	-	-	-	-	-	-	-	\$ -
TOTAL REVENUE	\$ 48,500	\$ 277,450	\$ 325,950	\$ 65,188	\$ 281,640	\$ 346,828	\$ 91,150	\$ 206,450	\$ 297,600	\$ 3,100
Expenditures										
Non Investigation Expenditures										
1000 - Personal Services	93,647	79,353	173,000	57,669	38,731	96,400	83,020	78,538	161,558	15,745
2000 - Travel	14,262	14,410	28,672	11,698	10,370	22,068	14,158	8,709	22,867	1,486
3000 - Services	4,001	10,416	14,417	6,464	5,294	11,758	3,398	4,919	8,317	5
4000 - Commodities	108	734	842	541	587	1,128	195	702	897	24
5000 - Capital Outlay	-	-	-	-	-	-	-	-	-	-
Total Non-Investigation Expenditures	112,018	104,913	216,931	76,372	54,982	131,354	100,771	92,868	193,639	17,260
Investigation Expenditures										
1000-Personal Services	920	802	1,722	4,398	96	4,494	9,360	14,528	23,888	294
2000 - Travel	-	-	-	-	-	-	-	1,341	1,341	-
3023 - Expert Witness	-	-	-	-	3,454	3,454	-	200	200	-
3088 - Inter-Agency Legal	18,690	1,804	20,494	1,418	241	1,659	795	33	828	-
3094 - Inter-Agency Hearing/Mediation	-	-	-	-	-	-	-	87	87	-
3000 - Services other	-	-	-	-	-	-	-	5	5	-
4000 - Commodities	-	-	-	-	-	-	-	-	-	-
Total Investigation Expenditures	19,610	2,606	22,216	5,816	3,791	9,607	10,155	16,194	26,349	294
Total Direct Expenditures	131,628	107,519	239,147	82,188	58,773	140,961	110,926	109,062	219,988	17,554
Indirect Expenditures										
Internal Administrative Costs	2,643	6,000	8,643	6,152	6,628	12,780	13,970	13,964	27,934	3,491
Departmental Costs	9,329	10,521	19,850	8,334	8,047	16,381	14,865	16,624	31,489	4,156
Statewide Costs	8,218	6,988	15,206	3,670	4,761	8,431	10,324	9,685	20,009	2,421
Total Indirect Expenditures	20,190	23,509	43,699	18,156	19,436	37,592	39,159	40,273	79,432	10,068
TOTAL EXPENDITURES	\$ 151,818	\$ 131,028	\$ 282,846	\$ 100,344	\$ 78,209	\$ 178,553	\$ 150,085	\$ 149,335	\$ 299,420	\$ 27,622
Cumulative Surplus (Deficit)										
Beginning Cumulative Surplus (Deficit)	\$ 93,703	\$ (9,615)		\$ 136,807	\$ 101,651		\$ 305,082	\$ 246,147		\$ 303,262
Annual Increase/(Decrease)	(103,318)	146,422		(35,156)	203,431		(58,935)	57,115		(24,522)
Ending Cumulative Surplus (Deficit)	\$ (9,615)	\$ 136,807		\$ 101,651	\$ 305,082		\$ 246,147	\$ 303,262		\$ 278,740
										*
Statistical Information										
Number of Licensees	90	93		138	154		152	132		-

Additional information:

- Fee analysis required if the cumulative is less than zero; fee analysis recommended when the cumulative is less than current year expenditures; no fee increases needed if cumulative is over the current year expenses *
- Most recent fee change: Fee reduction FY19
- Annual license fee analysis will include consideration of other factors such as board and licensee input, potential investigation load, court cases, multiple license and fee types under one program, and program changes per AS 08.01.065.

Appropriation	(All)
AL Sub Unit	(All)
PL Task Code	(Multiple Items)

Sum of Expenditures		Object Type Name (Ex)			
Object Name (Ex)		1000 - Personal Services	2000 - Travel	3000 - Services	4000 - Commodities
1011 - Regular Compensation	10,097.54				10,097.54
1023 - Leave Taken	1,060.34				1,060.34
1028 - Alaska Supplemental Benefit	684.24				684.24
1029 - Public Employee's Retirement System Defined Benefits	1,971.49				1,971.49
1030 - Public Employee's Retirement System Defined Contribution	115.53				115.53
1034 - Public Employee's Retirement System Defined Cont Health Reim	176.80				176.80
1035 - Public Employee's Retirement Sys Defined Cont Retiree Medical	28.99				28.99
1037 - Public Employee's Retirement Sys Defined Benefit Unfrd Liab	161.90				161.90
1039 - Unemployment Insurance	34.81				34.81
1040 - Group Health Insurance	1,049.08				1,049.08
1041 - Basic Life and Travel	1.60				1.60
1042 - Worker's Compensation Insurance	96.19				96.19
1047 - Leave Cash In Employer Charge	257.83				257.83
1048 - Terminal Leave Employer Charge	149.81				149.81
1053 - Medicare Tax	151.39				151.39
1077 - ASEA Legal Trust	1.59				1.59
1079 - ASEA Injury Leave Usage	0.45				0.45
2000 - In-State Employee Airfare			407.48		407.48
2001 - In-State Employee Surface Transportation			52.90		52.90
2002 - In-State Employee Lodging			756.00		756.00
2003 - In-State Employee Meals and Incidentals			270.00		270.00
3069 - Commission Sales				4.50	4.50
4002 - Business Supplies					24.00
Grand Total	16,039.58	1,486.38	4.50	24.00	17,554.46

Correspondence

- 1) Southwest Alaska Pilots Association (SWAPA)
 - Notice of Rate Changes (2020)
- 2) Southeast Alaska Pilots' Association (SEAPA)
 - Letter dated 11.12.19
- 3) Board member Rueter
 - Quarterly Movement Data

SOUTHWEST ALASKA PILOTS ASSOCIATION

P.O. Box 977
Homer, Alaska 99603

Tel: (907) 235-8783
Fax: (907) 235-6119

October 8, 2019

Ms. Cori Hondolero
Marine Pilot Coordinator
Alaska Board of Marine Pilots
550 West 7th Avenue, Suite 1500
Anchorage, AK 99501-3567

Dear Cori,

Re: Alaska Board of Marine Pilots / Required publishing of rate changes.

Enclosed please find the newspaper legal notice to be published in a newspaper of general circulation in Alaska, October 9th, 10th and 11th 2019 as per Alaska Statute 08.62.046.

Copies are being sent via certified mail to all listed registered agents.

Sincerely,

Capt. Andrew S. Wakefield

Captain Andrew S. Wakefield
President/SWAPA

by Jcz

SOUTHWEST ALASKA PILOTS ASSOCIATION

P.O. Box 977
Homer, Alaska 99603

Tel: (907) 235-8783
Fax: (907) 235-6119

NOTICE OF INTENT TO REVISE **PILOTAGE RATE SCHEDULE** **AS PER AS 08.62.046**

- A. Name and Mailing Address of Pilot Organization:**
Southwest Alaska Pilots Association (SWAPA), P.O. Box 977, Homer, AK 99603
- B. Time and Adoption of the Rate Schedule:**
January 1, 2020
- C. Place and Adoption of the Rate Schedule:**
Southwestern Alaska, Region II.
- D. Proposed Rates for SWAPA: NON STANDARD OPERATIONS**

Rates for pilotage service rendered to vessels engaged in non-standard operations not covered by other published Region II rates.

SWAPA will charge \$224.98 per hour for each pilot assigned to a vessel engaged in non-standard operations. Chargeable time will include bridge time, travel time and standby time based on the most efficient means of travel to and from the vessel. A Training Surcharge of \$50.00 per docking and/or undocking will be charged.

In the event a vessel engaged in non-standard operations requires pilotage service in excess of 72 hours then SWAPA, at their option, will change out pilots at intervals not to exceed 72 hours including travel and standby time.

A Length Overall Charge (LOA) shall be assessed as a percent of the total invoice less reimbursable expenses as shown:

Less than 450 feet	0 – Percent
More than 450 less than 500 feet	5 – Percent
More than 500 less than 550 feet	15 – Percent
More than 550 less than 600 feet	25 – Percent
Over 600 feet	40 – Percent

These charges are in addition to normal reimbursable travel expenses. SWAPA will charge a vessel unwilling or unable to furnish separate sleeping and bath officer grade accommodations at the per diem hotel rate for each pilot onboard the vessel more than 15 hours.

Cancellations: When the agent, owner, or master of a vessel sets the time of movement in accordance with 12 AAC 56.205 (a), if the order is cancelled with less than 24 hours' notice and the pilot has not reported for duty or left for the job, SWAPA reserves the right to charge the following fees:

A vessel that cancels a request for a pilot within 12-24 hours of the time service was requested shall be charged a cancellation fee equal to two hours of the non-standard hourly rate. A vessel that cancels a request for a pilot with less than 12 hours' notice of the time service was requested shall be charged a cancellation fee equal to four hours of the non-standard hourly rate. If a cancellation, change or delay to the time set is made with less than 24 hours' notice and a pilot has reported for duty or has left for the job, a cancellation fee will not be charged but normal billing rates shall apply. Cancellations, delays or late changes may therefore incur extra hourly costs and travel expenses due to pilot already being on standby and/or traveling in an attempt to provide service as requested.

SOUTHWEST ALASKA PILOTS ASSOCIATION

Late Notice: If less than 24 hours' notice is given to set the time of movement [as required under 12 AAC 56.205 (a)] but a pilot is able to reach the vessel to render pilot services as requested, SWAPA reserves the right to charge the following fees in addition to all other appropriate billing rates and travel expenses:

Less than 24 but more than 12 hours' notice: a late notice fee equal to two hours of the non-standard hourly rate.

Less than 12 hours' notice: a late notice fee equal to four hours of the non-standard hourly rate.

Payment for pilot rates and charges are due upon receipt of invoice. An interest rate charge of 1.5% per month will be assessed on all balances remaining unpaid after 45 days from the date of the invoice.

These rates and charges are separate and distinct as developed with due regard for statutory limitation of liability.

SOUTHWEST ALASKA PILOTS ASSOCIATION

P.O. Box 977
Homer, Alaska 99603

Tel: (907) 235-8783
Fax: (907) 235-6119

October 8, 2019

Ms. Cori Hondolero
Marine Pilot Coordinator
Alaska Board of Marine Pilots
550 West 7th Avenue, Suite 1500
Anchorage, AK 99501-3567

Dear Cori,

Re: Alaska Board of Marine Pilots / Required publishing of rate changes.

Enclosed please find the newspaper legal notice to be published in a newspaper of general circulation in Alaska, October 9th, 10th and 11th 2019 as per Alaska Statute 08.62.046.

Copies are being sent via certified mail to all listed registered agents.

Sincerely,



Captain Andrew S. Wakefield *by Jtz*
President/SWAPA

SOUTHWEST ALASKA PILOTS ASSOCIATION

P.O. Box 977
Homer, Alaska 99603

Tel: (907) 235-8783
Fax: (907) 235-6119

NOTICE OF INTENT TO REVISE **PILOTAGE RATE SCHEDULE** **AS PER AS 08.62.046**

- A. Name and Mailing Address of Pilot Organization:**
Southwest Alaska Pilots Association (SWAPA), P.O. Box 977, Homer, AK 99603
- B. Time and Adoption of the Rate Schedule:**
January 1, 2020
- C. Place and Adoption of the Rate Schedule:**
Southwestern Alaska, Region II.
- D. Proposed Rates for SWAPA:** **COOK INLET LNG CARRIERS**

As subject to the following USCG COTP Rule:

ALASKA-COOK INLET-SECURITY ZONE

The following areas are established as security zones during the specified conditions: All navigable waters within a 1000-yard radius of the Liquefied Natural Gas (LNG) tankers during their inbound and outbound transits through Cook Inlet, Alaska between the Phillips Petroleum LNG Pier, 60-40-43N and 151-24-10W, and the Homer Pilot Station at 59-34-86N and 151-25-74W. On the inbound transit, this security zone remains in effect until the tanker is alongside the Phillips Petroleum LNG Pier, 60-40-43N and 151-24-10W. All navigable waters within a 1000-yard radius of the Liquefied Natural Gas tankers while they are moored at Phillips Petroleum LNG Pier, 60-40-43N and 151-24-10W.

<u>Port Rate</u>	<u>Rates</u>	<u>B.W.T./Hours</u>
P/S Homer to Nikiski	\$2,907.23	14.0

Bridge Time in excess of eight (8) hours - rate of \$206.87 per hour.

Bridge Watch at Master's request - rate of \$206.87 per hour.

Standby/Travel - rate of \$206.87 per hour applied when limits of B.W.T. have been exceeded.

Training Surcharge - \$50.00 per docking and/or undocking.

Gross Tonnage Rates \$0.0783 per IGT.

Second pilot charges assessed whenever SWAPA dispatches two pilots:

Port Rate 100% of first pilot

Standby/Travel 100% of first pilot

Int'l Gross Tons 100% of first pilot

These charges are in addition to normal reimbursable travel expenses.

Cancellations: When the agent, owner, or master of a vessel sets the time of movement in accordance with 12 AAC 56.205 (a), if the order is cancelled with less than 24 hours' notice and the pilot has not reported for duty or left for the job, SWAPA reserves the right to charge the following fees:

SOUTHWEST ALASKA PILOTS ASSOCIATION

A vessel that cancels a request for a pilot within 12-24 hours of the time service was requested shall be charged a cancellation fee equal to two hours at \$206.87 per hour. A vessel that cancels a request for a pilot with less than 12 hours' notice of the time service was requested shall be charged a cancellation fee equal to four hours at \$206.87 per hour. If a cancellation, change or delay to the time set is made with less than 24 hours' notice and a pilot has reported for duty or has left for the job, a cancellation fee will not be charged but normal billing rates shall apply. Cancellations, delays or late changes may therefore incur extra hourly costs and travel expenses due to pilot already being on standby and/or traveling in an attempt to provide service as requested.

Late Notice: If less than 24 hours' notice is given to set the time of movement [as required under 12 AAC 56.205 (a)] but a pilot is able to reach the vessel to render pilot services as requested, SWAPA reserves the right to charge the following fees in addition to all other appropriate billing rates and travel expenses:

Less than 24 but more than 12 hours' notice: a late notice fee equal to two hours at \$206.87 per hour.

Less than 12 hours' notice: a late notice fee equal to four hours at \$206.87 per hour.

Payment for pilot rates and charges due upon receipt of invoice. An interest rate charge of 1.5% per month will be assessed on all balances remaining unpaid after 45 days from date of the invoice.

These rates and charges are separate and distinct as developed with due regard for statutory limitation of liability.



SouthEast Alaska Pilots' Association

1621 Tongass Avenue, Suite 300 • Ketchikan, Alaska 99901 • 907-225-9696 • fax 907-247-9696 • pilots@seapa.com

November 12, 2019

Ms. Cori Hondolero
Alaska Board of Marine Pilots
550 West 7th Avenue, Suite 1500
Anchorage AK 99501-3567

Reference: Letter on April 1, 2019 from SEAPA to Mr. Charles Ward

Dear Ms. Hondolero:

I write to follow-up on the Board of Marine Pilots' discussion of 12 AAC 56.960(c) at its October 2019 meeting. Noting the feedback received at that Board meeting, we will continue to work with ship agents on this issue.

At the October meeting, one Board member asked about the relationship between 12 AAC 56.960(c):

A non-passenger vessel in a continuous transit of compulsory pilotage waters of Southeast Alaska that is expected to exceed eight hours must employ two pilots.

and a sentence in SEAPA's Operating Rules, Section I(C):

Assignments greater than 6 hours shall be dispatched with two (2) pilots unless mutually agreed upon by the Pilot and the Association's dispatch.

While there may appear to be a discrepancy between these two references, the distinction is this: The law only *requires* a second pilot over eight hours, but prudence sometimes dictates that a second pilot be dispatched even for shorter voyages. Almost always, the pilot and the dispatcher do 'mutually agree' that one pilot is safe for a job between six and eight hours. Time of day, difficulty of the job, and adverse weather are reasons why it is not always agreeable.

SEAPA's Operating Rules are internal guidance and do not, by their mere existence, create obligations on industry.

Sincerely,

Captain John Herring
President, Southeast Alaska Pilots Association

From: [Tom Rueter](#)
To: [Hondolero, Corissa A \(CED\)](#)
Cc: [Thayer, Curtis W \(AEA\)](#)
Subject: RE: quarterly movement reports
Date: Tuesday, December 3, 2019 10:47:47 PM
Attachments: [Pilot Association Quarterly Report 2q 2019 summary.xlsx](#)

Cori,

With the summer Cruise season, finally ended and most of the paperwork done as well.

I finally had a chance to review the 2019 2Q association reports.
As required by 12 AAC 56.960 (k)

I am trying to analyze the information, in a manner that it may be useful to the Board of Pilots.

I believe one of the initial intents of this Reporting was for the Board to confirm Pilot sea time in reference to license renewal requirements.

I believe now that it also offers insight to potential trends that can only be seen after accumulating several reporting periods of these submissions. I note that each pilot region is significantly unique in pilot usage and pilot demand and therefore should not be compared with other regions in the state, but instead be compared with historic data of the same region and seasonal periods.

Summaries of this data should be useful to the board to verify or challenge association reports regarding adequacy of membership and trainee participation.
South Central Region report included, as required, mention of trainees' rides and Activity.
South East and Western Region report do not include mention of trainee rides and activity, even though it is required.

Attached is a preliminary summary it attached, and something that could possibly be included in a Marine Pilot Coordinator's report at BMP meetings, or quarterly to the board, after review and refinement.

Cori,

As mentioned today, I would like to receive copies the quarterly reports from 2015 to present 2019 3q (and 4 Q When available after end of year) to attempt to assemble a summary with comparison which may be of use to the BMP in the future.
This is entirely voluntary on my part with no expectation of remuneration for the effort put forth.

Best Regards

Tom W. Rueter
General Manager – Anchorage
Alaska Maritime Agencies

This following is a summary of the quarterly reports submitted by Associations in accordance to
12 AAC 56.960 (k)

2019 2nd quarter

	Total Pilots active	Total Days Piloting vessel	Aveage	High Count	Low Count	Trainee Trips	Trainees
SouthEast Alaska	46	1477	32.1	44	19		
South Central Alaska	18	454	25.22	34	16	67	5
Western Alaska	9	187	20.77	36	13		

NOAA

5 Things to Know about the End of Traditional NOAA Paper Nautical Chart Production

- 1. A five-year process to end all traditional paper nautical chart production** will shut down all other raster chart products and services associated with traditional NOAA paper nautical charts, including:
 - Print-on-demand (POD) paper nautical charts
 - NOAA raster navigational charts (NOAA RNC®)
 - NOAA RNC tile service
 - Full-size chart PDFs
 - BookletChart™ PDFs
 - Online RNC viewerThe expected cancellation date of these products and services is January 2025.
- 2. NOAA is seeking feedback from chart users** and companies that provide products and services based on NOAA raster and electronic navigational chart (NOAA ENC®) products. This information will shape the manner and timing in which the product sunseting process will proceed. Comments may be submitted with the ASSIST feedback tool at <https://nauticalcharts.noaa.gov/customer-service/assist>. A Federal Register Notice soliciting comments will also be released shortly.
- 3. NOAA is undertaking a three-pronged sunseting process** to ease the transition to ENC-based products while continuing to support safe navigation:
 - Improving data consistency and providing larger scale coverage of NOAA's primary chart product, the ENC.
 - Providing access to paper chart products based on ENC data, either through the NOAA Custom Chart web app or third-party commercial data providers.
 - Shutting down all traditional paper and associated raster chart production.Efforts to improve ENCs and develop the NOAA Custom Chart web app have been ongoing for several years now. The cancelation of some paper and raster charts may start as early as mid to late 2020. NOAA does not have the resources to continue maintaining both traditional paper nautical charts and ENCs.
- 4. Paper Charts from ENC data** can now be created with the NOAA Custom Chart web app at <https://devgis.charttools.noaa.gov/pod>. Users can create charts from the latest NOAA ENC data, then download, view, and print the output to get a paper or digital backup for GPS-enabled chart displays or other electronic chart systems.
- 5. Historical editions of nautical charts** - suitable for framing - back to the mid-1800s, may be downloaded for free at <https://historicalcharts.noaa.gov>.



EXECUTIVE SESSION

EXECUTIVE SESSION MOTION

I, _____, move that the Alaska State Board of Marine Pilots

enter into executive session in accordance with ~~AS 44.62.310(c)(2)~~

AS 44.62.310(c)(2) and (3), and Alaska Constitutional Right to Privacy

Provisions, for the purpose of _____

EXECUTIVE SESSION MOTION

Sec. 44.62.310. Government meetings public.

(c) The following subject may be considered in an executive session:

- (1) matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the public entity;
- (2) subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion;
- (3) matters which by law, municipal charter, or ordinance are required to be confidential;
- (4) matters involving consideration of government records that by law are not subject to public disclosure.

MOTION WORDING:

"In accordance with the provisions of Alaska Statute 44.62.310 (c), I move to go into executive session for the purpose of discussing (select the appropriate statutory citation for the situation):

(1) matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the public entity; **OR**

(2) subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion; **OR**

(3) matters which by law, municipal charter, or ordinance are required to be confidential; **OR**

(4) matters involving consideration of government records that by law are not subject to public disclosure.

Board staff is requested to remain during the session **OR**
Board only to remain during session."

Staff will then state "The board is off the record at _____(time)."

Occupational Licensing **Centralized Regulations**

December 2019



DEPARTMENT OF COMMERCE, COMMUNITY,
AND ECONOMIC DEVELOPMENT

***DIVISION OF CORPORATIONS, BUSINESS
AND PROFESSIONAL LICENSING***

NOTE: The official version of the statutes in this document is printed in the Alaska Statutes, copyrighted by the State of Alaska. The official version of the regulations in this document is published in the Alaska Administrative Code, copyrighted by the State of Alaska. If any discrepancies are found between this document and the official versions, the official versions will apply.

Authority: AS 08.01.062 AS 08.87.110 AS 08.87.310
AS 08.01.065 AS 08.87.120

12 AAC 02.380. PAWNBROKERS. The following fees are established for pawnbrokers:

- (1) nonrefundable application fee for initial license, \$250;
- (2) license fee for all or part of the initial biennial licensing period, \$100;
- (3) biennial license renewal fee, \$100.

Authority: AS 08.01.065 AS 08.76.110 AS 08.76.140

12 AAC 02.390. BEHAVIOR ANALYSTS. The following fees are established for behavior analysts and assistant behavior analysts:

- (1) nonrefundable application fee for initial license, \$200;
- (2) behavior analyst license fee for all or part of the initial biennial licensing period, \$250;
- (3) behavior analyst biennial license renewal fee, \$250;
- (4) assistant behavior analyst license fee for all or part of the initial biennial licensing period, \$150;
- (5) assistant behavior analyst biennial license renewal fee, \$150;
- (6) temporary license fee, \$100;
- (7) nonrefundable fingerprint processing fee, \$60.

Authority: AS 08.01.010 AS 08.15.020 AS 08.15.080
AS 08.01.065

12 AAC 02.395. ATHLETIC TRAINERS. The following fees are established for athletic trainers:

- (1) nonrefundable application fee for initial license, \$200;
- (2) athletic trainer license fee for all or part of the initial biennial licensing period, \$100;
- (3) athletic trainer biennial license renewal fee, \$100.

Authority: AS 08.01.010 AS 08.07.020 AS 08.07.040
AS 08.01.065

12 AAC 02.396. BOARD OF MASSAGE THERAPISTS. The following fees are established for massage therapists:

- (1) nonrefundable application fee for initial license, \$200;
- (2) massage therapy license fee for all or part of the initial biennial licensing period, \$290;
- (3) massage therapy biennial license renewal fee, \$290;
- (4) nonrefundable fingerprint processing fee, \$60.

Authority: AS 08.01.010 AS 08.01.065 AS 08.61.090

ARTICLE 3.

EXAMINATION REVIEW PROCEDURES.

Section

400. Examination review

12 AAC 02.400. EXAMINATION REVIEW. (a) The division will follow the examination review procedures established in this section unless the public or private organization that prepares and owns the examination has procedures for examination review that conflict with the procedures in this section. When there is a conflict, the division will follow the procedures of the public or private organization that prepares and owns the examination.

(b) An applicant who wishes to review a failed examination shall submit a written request, and the applicable examination review fee specified in this chapter, to the division within 30 days after the notice of examination results was mailed to the applicant.

(c) All examination reviews will be conducted in the presence of division staff or the division's designee at the time and location determined by the division. An examination review will not be conducted within 30 days of the next examination the applicant is scheduled to take.

(d) Only an applicant who has failed an examination may participate in the examination review and the applicant may review only his or her own examination.

(e) An applicant may use the same reference materials during an examination review that were allowed during the examination itself, but applicants may not use other materials or take notes or make copies of any kind. All materials brought to an examination review are subject to inspection by the division staff.

(f) An applicant may challenge questions on the examination by submitting the challenge in writing during the time allowed to conduct the examination review under (h) of this section. The written challenge to an examination question must include

- (1) the applicant's name;
- (2) the date of the examination;
- (3) the title of the examination;
- (4) the number of the question being challenged; and
- (5) a detailed explanation of the reason for the challenge.

(g) A challenge to an examination question will be reviewed by the division, licensing board, or the public or private organization administering the examination. If the division, licensing board, or public or private organization administering the examination sustains a challenge to an examination question, the department will give credit to the applicant for that question.

(h) To conduct the examination review, the division will allow the applicant challenging a question under (f) of this section one half of the length of time that was allowed for the taking of the examination being reviewed.

(i) Unless otherwise provided by an organization that provides or administers an examination for the division or the release is prohibited by law or contract, the division will provide an applicant who requests an examination review with the questions answered incorrectly on the failed examination and the answer that the applicant selected only. If the examination contains multiple choice questions, the applicant may be provided with all of the answer selections to each failed question without identification of the correct answers.

Authority: AS 08.01.050

AS 08.01.080

ARTICLE 4. REAL ESTATE ERRORS AND OMISSIONS INSURANCE.

Section

- 510. Minimum standards**
- 520. Exceptions to coverage**
- 530. Standards for equivalent coverage**
- 540. Notification required for cancellation**
- 550. Maximum amount of premium**
- 560. Method of adjustment**
- 590. Definitions**

12 AAC 02.510. MINIMUM STANDARDS. (a) The master errors and omissions insurance policy must provide to each individual licensee, at a minimum, the following terms of coverage:

(1) not less than \$100,000 limit of liability for each licensee per covered wrongful act or per covered claim depending on the policy form used by the insurer; claims expenses including the cost for investigation or defense must be in addition to the limit of liability; if the limit of liability is on a

(A) covered wrongful act basis, two or more claims arising out of a single wrongful act or a series of related wrongful acts may be considered one claim;

(B) covered claim basis, two or more related wrongful acts may be considered one claim;

(2) an annual aggregate limit of liability of not less than \$300,000 per licensee;

(3) a deductible amount for each covered wrongful act of not more than \$5,000 for every \$300,000 annual aggregate limit of liability; an additional deductible for investigation and defense costs may be considered;

(4) an extended reporting period of 90 days and an option to purchase an additional three years extended reporting period for a premium not to exceed 200 percent of the premium charged for the last year of the terminating coverage;

(5) the ability of a licensee, upon payment of an additional premium, to obtain higher limits of coverage or to purchase additional coverages from the group insurer as may be available from the insurer;

(6) the coverage provided under the master errors and omissions insurance policy must be individual and specific to the licensee and must cover the licensee regardless of changes in real estate broker or changes in the business relationship between a real estate broker and the licensee; and

(7) prior acts coverage must be offered to a licensee who has maintained the same or similar coverage, continually in-force until the date and the time that coverage begins under the master errors and omissions insurance policy coverage.

(b) The master errors and omissions insurance policy must contain a provision requiring the consent of the insured to settle a claim except that the insured may not unreasonably withhold consent.

(c) The insurer that is selected to provide the master errors and omissions insurance policy shall

(1) maintain an A.M. Best rating of "B+" or better and financial size category of class VI or higher;

(2) maintain a certificate of authority issued under AS 21.09 by the director of insurance to transact insurance business in this state and be in compliance with AS 21;

(3) provide the master errors and omissions insurance policy after notification by the Real Estate Commission that it is the successful bidder of a competitive bidding process under AS 36.30;

(4) enter into contract to provide the master errors and omissions insurance policy in conformity with AS 08.88.172, 12 AAC 02.510 – 12 AAC 02.590, and AS 21; and

INVESTIGATIONS



THE STATE
of **ALASKA**

Department of Commerce, Community,
and Economic Development

DIVISION OF CORPORATIONS, BUSINESS AND
PROFESSIONAL LICENSING

550 West Seventh Avenue, Suite 1500
Anchorage, AK 99501-3567
Main: 907.269.8160
Fax: 907.269.8156

MEMORANDUM

DATE: January 03, 2020
TO: Board of Marine Pilots
THRU: Greg Francois, Chief Investigator *GAF*
FROM: Greg Francois, Investigator
RE: Investigative Report for the January 16, 2020 Meeting

The following information was compiled as an investigative report to the Board for the period of September 28, 2019 thru January 03, 2020; this report includes cases, complaints, and intake matters handled since the last report.

Matters opened by the Paralegal in Juneau, regarding continuing education audits and license action resulting from those matters are not covered in this report.

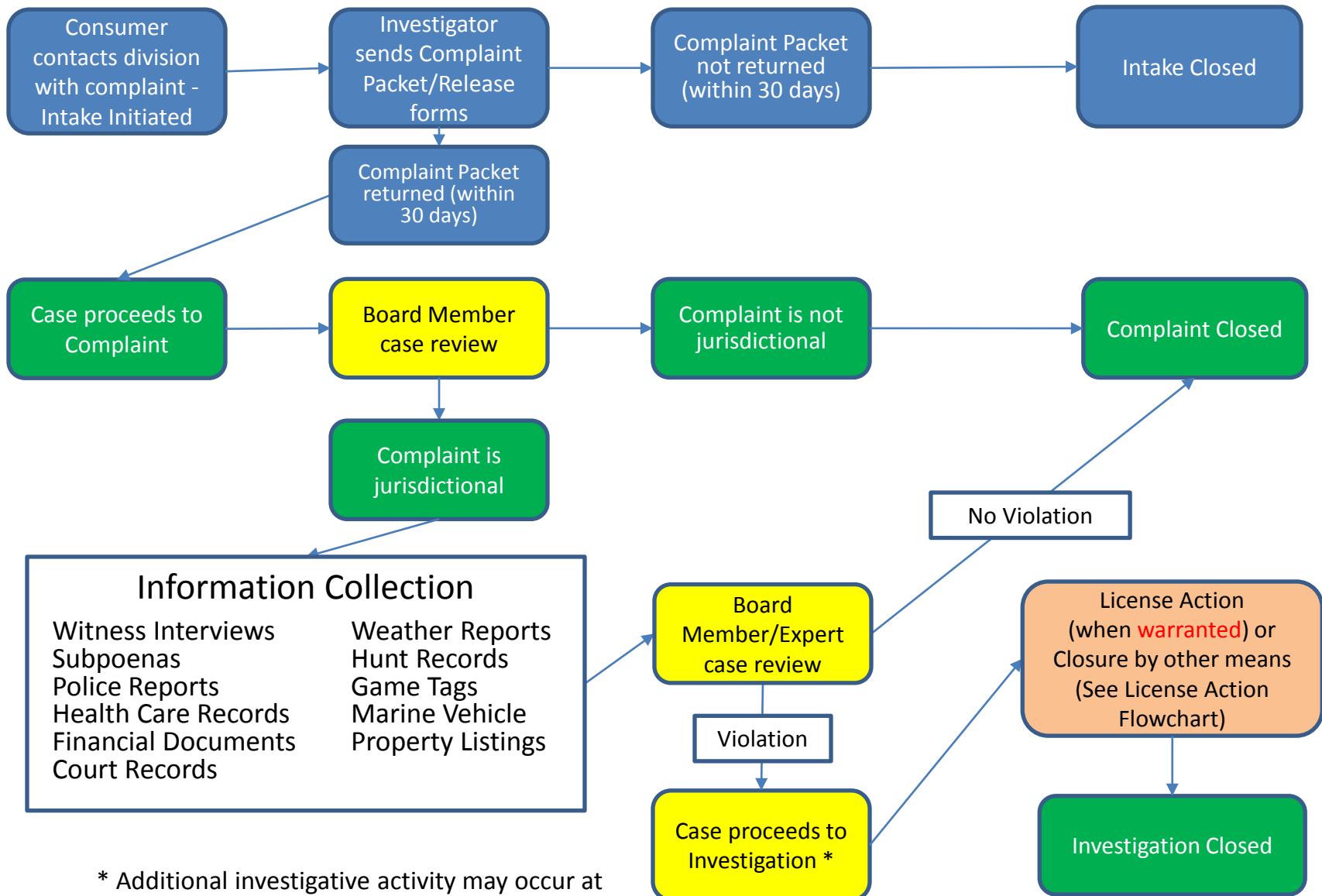
OPEN - 7

<u>Case Number</u>	<u>Violation Type</u>	<u>Case Status</u>	<u>Status Date</u>
FOREIGN PLEASURE CRAFT			
2019-000699	Falsified application	Complaint	09/01/19
MARINE PILOT			
2018-000708	Negligence	Complaint	09/01/19
2018-001059	Sexual misconduct	Complaint	09/17/18
2019-000631	Negligence	Complaint	06/12/19
2019-000695	Unlicensed practice or activity	Complaint	10/18/19
2019-000928	Substance abuse	Complaint	09/13/19
2018-001070	Negligence	Investigation	10/18/19

Closed - 0

END OF REPORT

Investigative Process



* Additional investigative activity may occur at this phase based upon Board Member input.

Overview of the Board and Division (Investigation Unit) functions:

The Board or Commission's primary function is that of a regulatory body that makes licensure decisions and monitors compliance with the statute and regulations governing the profession. The professional statutes and regulations are found in centralized statutes of Title 8, and also in the statutes and regulations specific to each board, commission, or occupational area.

Complaints:

All written complaints, or reports, alleging a violation of statute or regulations should provide a specific and detailed summary of the complaint; the complainant must include any documentation or witnesses they feel supports the allegation of wrongdoing and, in healthcare complaints, a release for patient records.

Upon receipt, the complaint and evidence are reviewed by investigators to ensure jurisdiction over the person named in the complaint and the alleged violation by that person. This review takes into account, informal guidelines established by the Board or Commission, and the statutes and regulations of that specific practice area. If the complaint does not appear to allege a violation that is within the Board's jurisdiction, the Division may close the complaint. If the complaint does center on a violation that is within the Board's jurisdiction, an initial letter may be sent to the licensee against whom the complaint is filed. This letter provides notice of the complaint and allegations and may request records, an interview, or other response by the licensee.

Complaints that present an immediate threat to public safety are given priority; however, all complaints are investigated as quickly as possible. The steps taken in the investigation are determined on a case by case basis by the specifics of the allegations. This portion of the investigative process may be quite lengthy and may require additional information or evidence from the complainant, licensee, businesses, other governmental agencies or state boards, witnesses, or related parties.

Inquiry and Investigation:

The Investigators conduct an inquiry into the complaint; generally, the steps for an inquiry include the following:

- obtaining records, documentation and evidence related to the complaint;
- locating and interviewing the complainant, the client, the subject and any witnesses;
- drafting and serving subpoenas for necessary information.

After investigators have gathered pertinent information or evidence to prove or disprove an alleged violation, the matter is reviewed with the Chief Investigator and, when appropriate, the Board or Commission's liaison, a panel of two Board Members, or an expert in the field. This review may result in a recommendation that more information be obtained, the case be closed, or that the case continue forward. The Board's liaison or review panel does not determine guilt or innocence; it simply reviews the complaint to determine whether the allegations, supported by un-contested or sufficient evidence, would warrant proceeding with disciplinary action even if contested by the licensee.

If the complaint is supported by evidence, it proceeds to a case, or investigation. Once an investigation is opened, the licensee is notified they are under official investigation by the Division on behalf of the Board or Commission. This distinguishes between allegations brought against a licensee and a matter where allegations were brought and it was determined the licensee committed a violation of statutes or regulations governing their license. This is an important step because complaints can be unfounded or determined to be unsupported by evidence, and they are closed before becoming an official investigation, protecting the subject of the complaint from unwarranted repercussions in the community or area of practice. If a violation is supported by evidence and the matter proceeds to an investigation, the next step is determining an appropriate result.

Disposition of Cases:

The majority of cases are resolved through a Consent Agreement, an amicable settlement of a case short of a public hearing; this Agreement spells out agreed upon disciplinary action between the Board and the licensee and allows more options in achieving a balanced resolution for both parties.

The Consent Agreement is written by the Division, in consultation with a Reviewing Board or Commission Member; they consider the nature of the violation, the standard in effect at the time it was violated, the effect of the violation on the public and the profession, whether the respondent was knowing and willful, previous violations, whether the licensee was cooperative and took responsibility for the violation, any mitigating circumstances, the disciplinary action's effect on improving the licensee's practices, precedents set by other cases for consistency from case to case, and if appropriate, a necessary deterrent for other practitioners to avoid a similar violation.

Consent Agreements may involve any of the following:

- reprimand
- revocation
- assessment of a civil penalty (fine)
- suspension (for a specific period of time)
- probation
- condition to take additional Continuing Education over and above the annual requirement
- restrictions on practice (some Boards)

If an Agreement with the licensee is unsuccessful, the case is referred to the investigators' counsel, an Assistant Attorney General (AAG), for review and possible litigation, filing an Accusation charging the violations. If an Accusation is filed, the licensee is entitled to a hearing on the charges against them. After guidance from the Board or Commission and the Division, the AAG may approach the licensee to negotiate a settlement prior to a hearing. If a settlement cannot be reached, an administrative hearing will be held. All involved parties may be requested to appear and testify at the hearing, conducted by the Office of Administrative Hearings (OAH). After the hearing, OAH provides the Board or Commission with a proposed decision and order; the Board or Commission may adopt, amend, or reject the proposed decision and issue their own Decision and Order. Any Decision and Order adopted by the Board or Commission may be appealed to the Superior Court by the licensee.

The Division does not intervene in a dispute regarding the fees charged by a licensee. Disciplinary action is considered carefully on a case-by-case basis since the action may adversely affect the licensee reputation and ability to make a living. Therefore, it takes more than a claim of wrongdoing to file a complaint with the Board; the allegation must be substantiated and must be jurisdictional to the statutes and regulations of that Board or practice area.

Confidentiality:

Investigations are required by statute to be kept confidential. This often prevents the complainant, licensee, and the Board from obtaining progress reports or information that may disclose the current status of an open investigation. This also protects the reputation of licensees who may be accused of wrongdoing but the allegations against them are unproven. Cases often involve other agencies, businesses, and practices; disclosing information during an on-going case can compromise the investigation, create conflicts for reviewing Board members, or result in unnecessary hardship to the licensee.

Board/Commission License Action Options

Circumstance	Response/Options
Cease and Desist Order On notice of possible violation, the Commissioner may, if in public's interest, issue Cease and Desist Order. AS 08.01.087(b). The board is polled for objection.	Board can object. Must be majority, within 10 days.
Summary Suspension Investigation shows "clear and immediate threat to public health and safety", Division presents petition for summary suspension.	Board issues summary suspension; hearing to follow within 7 days. AS 08.01.075(c) Post-hearing there is a proposed decision (from a judge), requires adoption by board.
License Denial	Board issues or denies license based on Alaska statutes specific to the profession. Possible hearing if license is denied, proposed decision, and final adoption by board.
Consent Agreement Investigation Unit presents a Consent Agreement, either before or after an Accusation is filed.	Board may approve or reject. If board rejects Consent Agreement, further negotiations may follow or a hearing may be held.
Accusation Investigation informed by the professional opinion of a Reviewing Board Member leads to filing an Accusation; if requested, hearing follows, decision goes to board with proposals for action from both parties, if any.	Board determines whether to accept, reject, or modify proposed decision and determine which sanctions to impose. AS 08.01.075
Violation of Consent Agreement: Automatic Suspension Board is informed of violation warranting immediate suspension under terms of Consent Agreement.	Division initiates suspension (per delegated authority) within Consent Agreement. Hearing possible, after which the board considers proposed ALJ decision, and adopts, rejects or amends.

PILOT ASSOCIATION REPORTS

SEAPA

SEAPA OPERATING RULES
As Approved by SEAPA's Voting Members on May 11, 2019 for submission to BMP.

Section 1. Dispatching of Pilots.

Dispatching shall be done by the President or the Office Staff.

- A. As assignments vary greatly in location and length of time involved, simple rotation often is not equitable, nor does it ensure distribution of ships and geographical areas to keep experience current for state license renewal. Therefore pilots will be assigned to vessels and ports in accordance with an overall consideration of the following factors:
 - I. Rotation;
 - II. Equality of monthly workdays;
 - III. Type and length of assignment;
 - IV. Recent assignments of pilots by area and type of ship;
 - V. License limitations;
 - VI. Opportunity to broaden local knowledge of pilots;
- B. Any pilot receiving an assignment to a vessel or port may decline their initial assignment and ride as an observer without loss of pay if he feels that he does not have the necessary experience for the assignment.
- C. Assignments greater than 6 hours shall be dispatched with two (2) pilots unless mutually agreed upon by the Pilot and the Association's dispatch.
- D. Pilot Fitness-For-Duty. Members and trainees are individually responsible for knowledge of and compliance with pilot fitness for duty requirements established by the board of marine pilots.
 - I. Members shall not accept a dispatch assignment or act in any other capacity as a required pilot while that person does not meet the fitness for duty requirements established by the board of marine pilots.
 - II. Trainees shall not act in any capacity as a trainee (either observing or conducting supervised maneuvers) while that person does not meet the fitness for duty requirements for pilots established by the board of marine pilots.
 - III. A member on the active dispatch roster who becomes not-fit-for-duty and unable to meet their dispatch requirements shall notify the dispatcher as soon as practicable.
 - IV. A member on the active dispatch roster who becomes not-fit-for-duty may be excused from dispatch assignment for not more than a total of three (03) days without loss of earnings. A member that becomes not-fit-for-duty for more than

three (03) days will be removed from the dispatch roster until fit-for-duty and is subject to the provisions of SEAPA Bylaws Article IX. Disability and Benefits.

- V. A member on the active dispatch roster who becomes not-fit-for-duty for a period in excess of three (03) consecutive days shall provide to the Association dispatcher, certification by a licensed physician of their not-fit-for-duty status.
- VI. A member on the active dispatch roster or a trainee on the training schedule who is not-fit-for-duty for a period greater than three (03) days and less than 90 days shall be considered ineligible for dispatch or training until they provide to the Association dispatcher, a fit-for-duty certification from a licensed physician.
- VII. A member or trainee who is incapacitated as a pilot or trainee for a period of 90 days or more shall comply with the requirements of 12 AAC 56.970.
- VIII. Pilot Fatigue.
 - a. Each member or trainee must monitor their own level of fatigue and consider the effects cumulative fatigue may have on their own fitness-for-duty.
 - b. A member may remove him/herself from the active dispatch roster for reasons of fatigue without loss of earnings, for up to 24 hours after completion of an assignment.
 - c. A member shall notify the Association dispatcher in the event that the pilot's personal fatigue threshold may be exceeded. Factors for consideration (not necessarily all inclusive) may include:
 - i. Transit times to or from the assignment;
 - ii. Typical length of time to complete the assignment;
 - iii. Difficulty of the assignment, including factors such as waterway congestion;
 - iv. Navigational hazards, environmental conditions, effects of circadian rhythms on different shifts;
 - v. Standby time while on assignment when adequate quarters are not provided.
- E. Trading of assignments between pilots for pilots' convenience is permissible if cleared with the President.
- F. The dispatcher shall notify pilots of assignments as early as practicable, but at least in sufficient time (taking into consideration the weather, plane, and ferry transportation, etc.) for the pilots to depart in time to carry out assignments. Dispatch ports shall be either Ketchikan, or Juneau.
- G. The dispatcher shall make reservations for travel and hotels whenever possible.
- H. All charter trips to and from assignments shall be cleared through the Association dispatcher except in an emergency. Failure to do so may result in the pilot having to bear the cost of the charter to the extent such cost exceeds the fare for a regularly scheduled trip, per diem and travel day saved.
- I. Members on the dispatch schedule shall keep in close contact with the Association dispatcher. Any member whom the dispatcher is unable to locate within a reasonable time, or who declines an assignment except as allowed in D, VIII above, shall remain off

the dispatch schedule until he/she can be reassigned by the dispatcher and shall reimburse SEAPA for all costs above that which would have been incurred had the dispatch been executed as scheduled and:

- I. During the summer season (16 May thru 15 Sept., inclusive) and the shoulder season (01 May thru 15 May, inclusive, and 16 Sept. thru 30 Sept., inclusive) shall forfeit one (01) day's distribution of earnings during the applicable period indicated above for each day off the dispatch schedule; or
 - II. During the winter season (01 Oct. thru 30 Apr., inclusive) shall forfeit an amount equal to that listed in part L. below for each day off the dispatch schedule.
- J. In the event of a medical/personal emergency of a member on the dispatch schedule, a PM shall be entitled to be relieved from active duty for up to 5 days for a medical/personal emergency without loss of earnings. A GPM shall be entitled to be relieved from active duty for up to 5 days for a medical/personal emergency without loss of earnings or for the remainder of the period on the dispatch schedule for a GPM, whichever is less. Members may be compensated for medical/personal emergency no more than once per calendar year.
- K. Pilot Members (PM's) have access to winter work between September 16 and May 15, and shall submit written notice of availability for the entire winter dispatch period before August 1. To be on the active winter dispatch roster, a pilot must be physically present in the Southeast region and be able to report for duty in twelve (12) hours.
- L. During the winter season (01 Oct. thru 30 Apr., inclusive) if a member not scheduled for that work week is called for a dispatch assignment, such member shall be compensated at a rate of \$1000 per day for the duration of the assigned dispatch.
- M. The Association assumes no responsibility or liability for supernumeraries who accompany licensed pilots on dispatch assignments and discourages the practice. Pilot Members and General Pilot Members have priority for travel and training opportunities associated with dispatch. Trainees in the Association's Training Program may have access to the remaining training and travel opportunities associated with dispatch. In no case shall Pilot Members, General Pilot Members, or Trainees be preempted by the presence of a supernumerary.
- N. In accordance with Article II, Section 9 of the Association's By Laws, a Pilot Member may apply for a Temporary Leave of Absence (off roster). A Temporary Leave of Absence shall be confirmed by a majority vote of the Board of Directors. Leave of Absences shall only be granted if it does not affect the ability of the Association to meet its dispatch requirements. An approved Temporary Leave of Absence will count toward the minimum commitment requirement established in Article II, Section 4 of the Association's By Laws.

Section 2. Procedures on Assignment.

Members of the Association are independent contractors and the Association's relationship to its members does not include the practice of pilotage by the Association. The individual pilot assigned will always make the final decision on the manner in which he performs their duties as a pilot.

Section 3. Miscellaneous.

- A. These Operating Rules may be amended as provided in the Association's Bylaws.
- B. Whenever two (2) pilots are assigned to the same vessel, watches will be set by mutual agreement.
- C. If a pilot is involved in a reportable incident, including running through a gill net, appropriate written reports shall be filed by the pilot as soon as practicable following knowledge of the incident. The pilot shall also advise the Association dispatcher of the incident by the earliest available means.
- D. Professional protocol - proper dress and conduct while on duty.
- E. Keep office informed of phone number, address, city, and state of residency.
- F. The Association will comply with a written request from the master or owner of a vessel, or that person's representative, showing cause to not dispatch a particular member to pilot to a particular vessel and provide that member with the right to due process and a fair hearing to contest that action as if the do not dispatch request were a grievance under Article X, Section 3 of the Bylaws (10.8.18) Pending Membership/BMP
- G. A pilot, while on a ship or otherwise on a pilotage assignment or when acting as a member of the Association, should not engage in any conduct that would constitute harassment of an individual. Harassment includes behaviors that demean, intimidate, threaten, coerce, humiliate, or embarrass a reasonable person, and that a reasonable person would know is unwelcome. It includes actions (such as touching or pushing), comments (such as jokes or name-calling), displays (such as posters or cartoons), or use of electronic or other means to transmit lewd, offensive, racially inappropriate, or threatening messages. Harassment can also occur when a person uses authority unreasonably to interfere with a person or a person's job. Sexual harassment is behavior of a sexual nature that is unwelcome and offensive to the person or persons to whom it is targeted. Any complaint against a pilot for harassment while on a ship or otherwise working under the authority of a pilot license issued by the State of Alaska will be reported to the State of Alaska's Marine Pilot Coordinator for investigation and appropriate action by the Board of Marine Pilots. (2.18.19) Pending Membership/BMP

Kathleen Flury
President
Southeast Alaska Pilots' Association

Charles Ward
State of Alaska
Marine Pilot Coordinator

Adopted by SEAPA BOD 2.18.19



SouthEast Alaska Pilots' Association

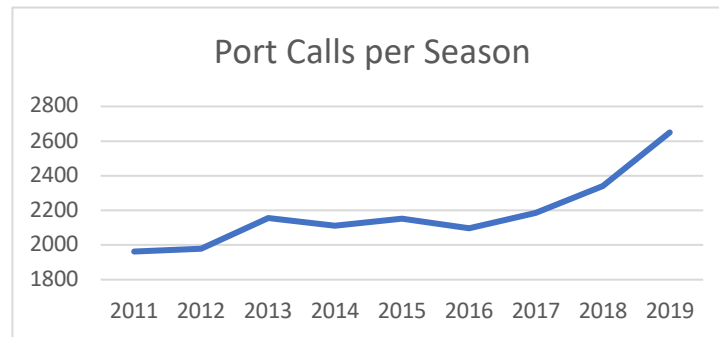
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January 1, 2020

Ms. Renee Hoffard
Alaska Board of Marine Pilots
P.O. Box 110806
Juneau, AK 99811

Dear Ms. Hoffard:

I am writing in response to the email of December 3, 2019, enclosed. For perspective on the issue of "pilot shortage," here is a graphical summary of traffic growth (pilot demand) in Southeast Alaska, according to CLAA schedules.



Some additional numbers from recent years follow.

2016: 7 trainees and 48 pilots, 2 medical (early) retirements.

2017: 11 new trainees, 47 pilots.

2018: Total of 17 trainees, 45 pilots, 1 death and one sudden medical retirement.

2019: 11 new trainees, 24 total trainees: 47 pilots; 4 retirements. Traffic up 25% since 2016.

2020: Expect to have 50 pilots. New trainee exam planned for April 2020.

We expect three retirements after the 2020 season and two retirements after 2021. New pilots completing their training should enable us to keep pace and slowly increase our dispatch pool.

Notice of cruise traffic comes 1 to 1.5 years out. To license new pilots takes 2 to 4 years, not counting the time to develop, advertise and administer an entrance exam. It is this time gap, in an era of strong growth, that has caused pilot demand to exceed supply.

SEAPA is challenged to meet all dispatch requests only on peak days in cruise season, and ALL pilots work during peak season. Deputy pilot assignments depend upon traffic volume and number of vessels under their license level, not a stated SEAPA policy. In recent years there has been enough traffic, and smaller vessels, that deputy pilots are working as much as full pilots during the cruise season.

We have no metric to say what would constitute "excess" pilot days. This past summer pilots were working approximately 28 days per month, including travel.

Pilots are not required to track work hours, and do not report them to the Association. Our assignments are typically 3 to 10 days each, and we track our workload in days per month. By law we are limited to 8 continuous hours of scheduled work, or 12 hours per day.

In 2019 we had thirty-two qualified applicants of whom eleven passed the simulator exam. All eleven were accepted for training. The passing score on the entrance exam is set by outside industry experts who define the minimum required skill level for a pilot trainee (reference Volume One of SEAPA's Training Manual.)

To the question of yachts placing a burden on pilot associations, so long as a vessel has properly requested a pilot, they are legally allowed to proceed with no penalty under Alaska law if one is not available. In 2019 no vessels were delayed, and all transits of the most challenging waters were covered. This seems to us an adequate relief valve when pilot demand exceeds supply.

We support the proposal by the Southwest Alaska Pilots' Association (SWAPA) to expand the definition of a "year's experience" for apprentices. Note, however, that the long licensing timeline in Southeast Alaska is driven not just by Alaska law but by geography and the seasonal nature of our traffic. With so much pilotage to draw and most ships only present five months of the year, initial licensing will never be quick. Vessel size and passenger counts have increased dramatically in recent years and we need to maintain or even increase the quality of training to meet the associated higher risk. For that reason we are wary of too much focus on acceleration of training. The SWAPA proposal is a good one because it replaces elapsed time with considerably higher experience.

As I stressed in my letter of October 6, 2019, SEAPA needed to increase travel by air charter because of the rapid growth in cruise traffic. We are well aware that industry is concerned about the additional costs. This is a financial issue between SEAPA and industry, and I have been talking directly with them about it this fall. I will continue to keep them informed of our status and outlook, but ensuring reliable dispatch has to be our top priority.

The additional charter flights were "essential" either because the charter was literally the only way to make dispatch, or as a tool to reduce fatigue by enabling more down time between assignments. Travel days and hours are down significantly. With such strong cruise demand, we don't have the ability to spend two days traveling from Ketchikan to Sitka or Yakutat on the jet, and pilots are often required to make mid-day connections between Ketchikan and Juneau (and other ports). Those connections are not possible via Alaska Airlines.

There has always been north-south movement of pilots between Juneau and Ketchikan. Most itineraries require it, and we also need to dispatch equitably within the group as per our BMP-approved bylaws. This aspect of travel is unchanged and unrelated to the increase in demand.

As noted above, draft schedules for cruise ships are known one year in advance, with ship and port call numbers available about 18 months out. A dispatch schedule for the coming season is developed over the winter, with a final plan normally set about six weeks in advance. Changes occur regularly.

I hope that the Board finds this helpful. Please note that our training efforts are now paying off and we expect to meet all commercial vessel dispatch requests in the coming years.

Respectfully,



Captain John Herring
President, Southeast Alaska Pilots Association

Enclosure

From: Hondolero, Corissa A (CED) cori.hondolero@alaska.gov
Subject: Board of Marine Pilots Additional Questions
Date: December 3, 2019 at 3:28 PM
To: Captain John Herring president@seapa.com
Cc: Thayer, Curtis W (AEA) cthayer@akenergyauthority.org

CH

Captain Herring,

The Board of Marine Pilots requested that I send follow up questions to your letter dated 10/6/19. The Board feels that answers to the specific questions listed below will give them more information about potential pilot shortages. If we receive a response to the questions listed below by the end of the month, I can add the information to the packet for the January meeting.

Pilots & Future Plans:

The Board would like to see the pilot member count, workload (ship/dispatch days), pilot trainee candidate counts and pilot attrition numbers over the last 3-5 years.

- 1 How many pilots officially or informally declared their intent to retire in 2019, 2020 2021?

How many pilots only work seasonally? Specifically, 3 months? 4 months? 5 months?

How many applicants to the trainee program did you have this year? How many were accepted?

What is the average number of pilot hours worked during each month of the year in the past 3-5 years?

Has SEAPA ever instructed newly licensed pilots that they would be limited in dispatch and not get as many pilot days as more senior pilots?

Operations:

Some foreign pleasure craft (for charter and over 175 feet) require a licensed pilot. Does this requirement place a burden on pilot associations to meet pilot needs compromising their ability to service larger vessels?

What changes (temporary or permanent) to vessel pilotage requirements, if any, should be considered to help alleviate pilot demands?

How many pilot days do you have available when you are at full capacity with cruise ships on a given summer season day?

How many excess pilot days per day did you have for the summer cruise season?

How many travel days did you have in 2018?

Please explain how your dispatch practice works and include how far out dispatch planning is tentatively finalized and how far out corresponding travel is planned for cruise ships?

How many dispatches from Ketchikan were made to northern southeast ship movements and how many dispatches from Juneau were made to southern southeast ship movements last year?

How has the trend so far this year compare to last year?

How many charter flights were utilized for the 2018 calendar year? How many to date this year?

Of the total charter flights so far in 2019 how many of those were essential for dispatch?

How many of those pilot movements could have been accomplished with scheduled service without affecting dispatch times?

Cori Hondolero
Executive Administrator
Alaska Board of Public Accountancy
Alaska Board of Marine Pilots
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SouthEast Alaska Pilots' Association

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October 06, 2019

Ms. Corissa Hondolero
Marine Pilot Coordinator
Board of Marine Pilots
550 West 7th Avenue, Suite 1500
Anchorage, AK 99501-3567

Reference: Your letter dated August 19, 2019

Dear Ms. Hondolero:

The questions posed to SEAPA by the Board of Marine Pilots in the referenced letter stem from our notice to you, in April 2019, that we might not be able to provide pilots to all vessels on the dates requested. This past summer we received eleven yacht dispatch requests that we were not able to fill, although all yacht transits of critical waterways were covered. For perspective, in 2019 SEAPA pilots provided a total of 5,000 days of pilotage service during the five-month cruise season. When we must prioritize, we will continue to put large commercial vessels first in discharging our duty to protect lives, property, and the environment.

Our brief letter in April mentioned unforeseeable pilot attrition but did not put that factor in the context of cruise industry growth. Note that we met all yacht requests in 2018 with *fewer* pilots than we had in 2019. The explanation is the 13% jump in cruise ship port calls this year.

As recently as 2016, Southeast Alaska cruise traffic was generally stable. The growth that began with 2017 has been described in the media as “unprecedented,” and “explosive.” Port calls from 2017 to 2019 increased 25%. Next year’s schedule brings another 7% jump. Yacht traffic is also up in recent years, from 77 yacht days in 2014, to 221 in 2018.

We receive cruise ship schedules from Cruise Line Agencies of Alaska one year in advance. Yacht visits are not forecast, and change even during dispatch. Meanwhile, it takes from two to (more commonly) four years to train a new pilot, and then another three years of experience to earn an unlimited license. That’s five to seven years to qualify for the largest ships.

In response to industry growth we are training new pilots at full capacity, with 24 trainees currently on board another selection event planned for this winter. We are also working a tighter schedule with less travel time.

Due to the nature of our region and our business, SEAPA has always relied on air charters. To manage tighter dispatch, travel more efficiently, and mitigate fatigue, we have had to increase the use of air charters and often specify instrument-rated aircraft. The limited transportation infrastructure in Southeast Alaska offers no other options for responding to high growth with the 100% reliability and timeliness that cruise operations require. Sudden demand, set against the logistical realities of Southeast Alaska, is the single greatest cause of these increased travel costs.

In making pilot recruitment decisions, SEAPA targets 24 dispatch days per month, per pilot, during the cruise ship season. Historically that target has been adequate to allow for traffic fluctuations, unexpected pilot attrition, and short-term illness or injury. Managing pilot numbers is not a trivial matter even with stable traffic, due to the training time, inability to lay off extra pilots, and the uncertainty of retirement dates.

Leading into the recent surge in ship traffic we were right on target for workdays and had begun training new pilots: in 2015 we added five trainees for a total of seven, and in 2017, we added eleven more. As it happened, however, demand for pilot services took off just as we experienced a string of early medical retirements and pilot deaths, and we hit our lowest pilot count (45) in 2018, the second straight year of industry growth. Still, we were still able to meet all dispatch requests that year, including yachts. By 2019 we had increased our roster to 47 pilots, but traffic grew another 13% making it our tightest dispatch season. We started an additional 11 trainees in 2019.

In 2020 the average age of SEAPA pilots will be 59. Combined with industry growth, that will keep us training for the foreseeable future. At our membership meeting in September we agreed to fund another selection exam this winter and opened four new training positions, which will bring our total to 28. We expect seven new deputies in 2020, or a net gain of three, after four recent retirements. Generally we foresee a net addition of about three pilots per year going forth.

SEAPA has been able to attract diverse candidates from the Alaska Marine Highways, deep-sea cargo ships, the workboat fleet, cruise ships, research vessels, the military, and the fishing industry. We advertise new selection events widely in industry publications and have been satisfied with the number and quality of respondents. Recruitment has not been a problem for us.

From selection exams in 2015, 2017, and 2019, we started every candidate who passed and accepted the invitation. Of the 29 total candidates who accepted, four are now licensed, one resigned, and the rest are still training. We have invested heavily in a rigorous selection process that does a good job of finding individuals with aptitude. It is rare for a trainee to not finish the program.

Alaska's pilot regulations and our training program are generally serving the state well. The Southeastern Alaska pilotage region requires 13,000 nautical miles of waterway observation, drawing 35 nautical chartlets from memory, and executing 100 supervised maneuvers and assessments. There is no way to master an area this large in a short period of time without sacrificing safety or the quality of pilotage.

I hope that we have answered the essence of the questions posed by the Board. The Marine Pilot Statutes provide for vessels to proceed without a pilot if one is not available, and this year has seen a rare and minimal use of that flexibility. With our current training effort we are in position to keep up with demand, although the volatility of yacht visitation will continue to present challenges.

Respectfully,



Captain John Herring
President, Southeast Alaska Pilots' Association



THE STATE
of **ALASKA**
GOVERNOR MICHAEL J. DUNLEAVY

Department of Commerce,
Community,
and Economic Development

BOARD OF MARINE PILOTS

P.O. Box 110806
Juneau, AK 99811-0806
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Toll free fax: 907.465.2974

August 19, 2019

Southeast Alaska Pilots' Association
Attn: Captain Kathleen Flury
1621 Tongass Ave., Suite 300
Ketchikan, Alaska 99901

Sent by regular mail and email

Re: Potential Pilot Shortage

Captain Flury,

The Board of Marine Pilots asked that I forward you a list of questions compiled from its members relating to the topic of anticipated pilotage shortages in Southeast Alaska. This issue was brought up at both the April and June 2019 meetings and the Board wanted to make sure that their questions were sent to your organization with enough time to respond in advance of the upcoming October Board meeting.

Please submit your responses to the attached list of questions by September 19, 2019 and I will include the information in the Board packet for the meeting.

Questions attached as pages 2-4.

Sincerely,

Cori Hondolero
Marine Pilot Coordinator
Alaska Board of Marine Pilots

Sequence for Pilot Trainee to Fully Licensed Pilot

Where do pilots come from e.g. ferry, cargo vessels, training programs, others? How many typically originate from each category?

How are pilot training positions noticed to the public – are there mandatory public notices?

How old must a person be and what experience must a person have to enter the pilot training program and to hold various tonnage licenses?

Once accepted to the training program what is the range of time frames to achieve each level up to full pilot?

How many trainees fail to become pilots?

What can be done to improve public awareness of training positions and early exposure of potential pilots to the program?

What changes could be made to SEAPA's training program to improve candidate selection to help alleviate pilot shortages while maintaining integrity of training?

Pilots & Future Plans

I would like to see the pilot member count, workload (ship/dispatch days), pilot trainee candidate counts and pilot attrition numbers over the last 6-10 years.

Please provide a history of the number of fully licensed pilots and trainees for the last 10 years.

How many pilots officially or informally declared their intent to retire in 2019, 2020 2021?

How many trainees does SEAPA currently have actively training?

- What is the target training completion date for each trainee?

Provide a breakdown of how many pilots you have that are in their 30s, 40s, 50s, 60s, 70s, etc?

How many pilots only work seasonally? Specifically, 3 months? 4 months? 5 months?

How many applicants to the trainee program did you have this year? How many were accepted?

How do you plan for illness or potential injury of a pilot who is unable for dispatch?

What is the range of pilot hours per pilot per week for SEAPA pilots (not including travel)?

What is the average number of pilot hours worked during each month of the year in the past 5 years?

Has SEAPA ever instructed newly licensed pilots that they would be limited in dispatch and not get as many pilot days as more senior pilots?

Operations:

Prior to the summer season and over an extended time frame (e.g. 5 years or the time frame required to bring a pilot from trainee to fully licensed pilot) do the clients for pilot services project the daily and expected long-term pilotage demand?

Is there a better way for the clients and the pilots to plan pilot training, scheduling and pilot demand in the short and long-term? Should there be changes in the marine pilot board laws or regulation to require coordination?

Some foreign pleasure craft (for charter and over 175 feet) require a licensed pilot. Does this requirement:

- Place a burden on pilot associations to meet pilot needs compromising their ability to service larger vessels?
Or do pilot associations refuse pilot services to foreign pleasure craft due to unavailability of pilots?

When does SEAPA receive the cruise schedule?

Do shipping agents provide SEAPA with a 3-5 year forecast of shipping, particularly CLAA?

What measures have been taken to make pilots available to meet anticipated 48hr pilot requests?

Are there fatigue concerns associated with the limited pilot resources, and if so, how will those be addressed while meeting pilotage requests?

How does SEAPA intend to prioritize and meet pilot requests?

What changes to regulation are recommended, if any, to help streamline pilot training?

What changes (temporary or permanent) to vessel pilotage requirements, if any, should be considered to help alleviate pilot demands?

How has SEAPA been managing membership numbers in order to meet expected needs?

Please provide a history of the number of ship movements for the last 10 years

How many pilot days do you have available when you are at full capacity with cruise ships on a given summer season day?

How many excess pilot days per day did you have for the summer cruise season?

How many travel days did you have in 2018?

Please explain how your dispatch practice works and include how far out dispatch planning is tentatively finalized and how far out corresponding travel is planned for cruise ships?

How many dispatches from Ketchikan were made to northern southeast ship movements and how many dispatches from Juneau were made to southern southeast ship movements last year? How has the trend so far this year compare to last year?

How do you project the number of vessel movements for each class of vessel including cruise, cargo, and yachts for the upcoming season?

How are weather changes or ship emergencies accommodated within your dispatch process?

How many charter flights were utilized for the 2018 calendar year? How many to date this year?

Of the total charter flights so far in 2019 how many of those were essential for dispatch? How many of those pilot movements could have been accomplished with scheduled service without affecting dispatch times?

Yachts Operations:

How many yacht movements (in pilot days) have been done for each of the last 5 years (including this season)?

- Please provide a list of yacht movements including duration of each in day count

How many yacht movements did SEAPA not have a pilot available for during the 2019 season?



SouthEast Alaska Pilots' Association

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January 1, 2020

Ms. Renee Hoffard
Alaska Board of Marine Pilots
P.O. Box 110806
Juneau, AK 99811

Dear Ms. Hoffard:

With this letter we request the Board's endorsement of regulation changes, with two goals. First, to increase the experience level of new deputies, and second, to better prepare deputy pilots for the larger ships now calling in Alaska.

To the first point, we propose eliminating the requirement to have First Class Pilotage (FCP) endorsement for the 13 routes listed at 12 AAC 56.026 (2)(B) *before* training at the conn. This change would align Southeast with the other two Alaska pilotage regions in just requiring FCP endorsement for the route where the trainee intends to train at the conn. Additionally, we request repeal of 12 AAC 56.033 (c)(1) which requires that apprentices observe only, for 12 months, before training at the conn. These two changes together will result in deputy pilots with more conning experience. While some observing is certainly valuable, learning by doing is generally more effective than learning by watching.

Our second goal is to have a pilot's deputy experience better prepare them for the larger ships now calling in Alaska. Trainees learn on all class of vessels, but after initial licensing they work up to 50,000 tons, then 65,000, and finally 90,000 tons. Then, when the pilot receives their full Marine Pilot License they are dispatched to ships of nearly 170,000 gross tons, a big jump from their most recent experience. In keeping with the today's larger vessels we propose to raise the second endorsement from 65,000 to 95,000 tons, and the third endorsement from 90,000 to 110,000 tons.

If the Board concurs, please start the review process to change regulations as indicated in the enclosed file.

Respectfully,

Captain John Herring
President, Southeast Alaska Pilots Association

Enclosure

**CHAPTER 56.
BOARD OF MARINE PILOTS**

**ARTICLE 1.
LICENSING REQUIREMENTS.**

Section

- 11. Types of licenses and endorsements
- 12. Documentation of service
- 014. (Repealed)
- 016. Training pilot endorsement
- 18. Qualifications for not more than ~~65,000~~ 95,000 gross tons endorsement
- 19. Qualifications for not more than ~~90,000~~ 110,000 gross tons endorsement
- 20. (Repealed)
- 21.

12 AAC 56.011. TYPES OF LICENSES AND ENDORSEMENTS. (a) The following licenses and endorsements are issued by the board for the geographical areas listed in 12 AAC 56.021:

(1) deputy marine pilot license – to pilot vessels of not more than 50,000 gross tons in the region for which the license is issued and limited to the geographical areas in that region for which the deputy marine pilot holds the required license endorsements;

(2) marine pilot license – to pilot vessels of any gross tons in the region for which the license is issued and limited to piloting under conditions and in the geographical areas in that region for which the marine pilot holds the required license endorsements;

(3) not more than ~~65,000~~ 95,000 gross tons endorsement – authorizing a deputy marine pilot to pilot vessels of not more than ~~65,000~~ 95,000 gross tons;

(4) VLCC endorsement – authorizing a marine pilot to pilot very large crude carriers (VLCC);

(5) training pilot endorsement – authorizing a marine pilot to act as a training pilot for a pilot organization in accordance with AS 08.62.097(b);

(6) repealed 1/29/2009;

(7) not more than ~~90,000~~ 110,000 gross ton endorsement – authorizing a deputy marine pilot to pilot vessels of not more than ~~90,000~~ 110,000 gross tons;

(8) repealed 1/29/2009.

(b) Repealed 5/26/2007.

(c) On ~~January 29, 2009~~ (*insert effective date of new regulations*), a deputy marine pilot who holds a less than ~~60,000~~ 65,000 gross tons endorsement will be considered to hold a not more than ~~65,000~~ 95,000 gross tons endorsement and a deputy marine pilot who holds a less than ~~80,000~~ 90,000 gross tons endorsement will be considered to hold a not more than ~~90,000~~ 110,000 gross tons endorsement. The department will issue a new license to a deputy marine pilot that has a change in endorsement under this section reflecting the new endorsement.

(d) On ~~January 29, 2009~~ (*insert effective date of new regulations*), experience toward an increased tonnage endorsement obtained by a deputy marine pilot while holding a less than ~~60,000~~ 65,000 gross tons endorsement will be counted as experience obtained while holding a not more than ~~65,000~~ 95,000 gross tons endorsement, and experience toward an increased tonnage endorsement obtained by a deputy marine pilot while holding a less than ~~80,000~~ 90,000 gross tons endorsement will be counted as experience obtained while holding a not more than ~~90,000~~ 110,000 gross tons endorsement.

(e) On April 14, 2018, a deputy marine pilot who holds a less than 50,000 gross tons endorsement will be considered to hold a not more than 50,000 gross tons endorsement. The department will issue a new license to a deputy marine pilot that has a change in endorsement under this section reflecting the new endorsement.

**12 AAC 56.018. QUALIFICATIONS FOR NOT MORE THAN ~~65,000~~ 95,000 GROSS TONS
ENDORSEMENT.**

To qualify for an endorsement to pilot vessels of not more than ~~65,000~~ 95,000 gross tons, a deputy marine pilot must

(1) meet the requirements of the regional training program approved by the board under 12 AAC 56.035 for the pilotage region where the deputy marine pilot is licensed; and

(2) on at least 30 days have performed vessel movements as a deputy marine pilot onboard vessels requiring a state licensed marine pilot.

(b) Repealed 1/29/2009.

**12 AAC 56.019. QUALIFICATIONS FOR NOT MORE THAN ~~90,000~~ 110,000 GROSS TONS
ENDORSEMENT.**

To qualify for an endorsement to pilot vessels of not more than ~~90,000~~ 110,000 gross tons, a deputy marine pilot

must

- (1) meet the requirements of the regional training program approved by the board under 12 AAC 56.035 for the pilotage region where the deputy marine pilot is licensed;
- (2) have held an endorsement as a deputy marine pilot for a period of at least one year; and
while holding a deputy marine pilot license of not more than ~~65,000~~ 95,000 gross tons, have performed at least 60 days of vessel movements onboard vessels requiring a state licensed marine pilot.
- (b) On January 29, 2009, periods of time during which a deputy marine pilot held a less than 60,000 gross tons endorsement will be counted as time while holding a not more than 65,000 gross tons endorsement.
- (c) Repealed 1/29/2009.

.....

12 AAC 56.026. DEPUTY MARINE PILOT TRAINING PROGRAM. (a) To qualify as a trainee in a deputy marine pilot training program approved under 12 AAC 56.035 a candidate must

- (1) meet the requirements of AS 08.62.093(a)(1) and AS 08.62.093(b);
- (2) possess a valid United States Coast Guard license with an endorsement of first class pilotage without tonnage restrictions for
 - (A) ~~except as provided in (B) of this paragraph, at~~ At least one area within the pilotage region in which the training will occur;
 - ~~(B) training occurring in the Southeastern Alaska region, in the following federal pilotage routes as defined in the Coast Guard Southeast Alaska federal pilot requirements under 46 C.F.R. 10.705:~~
 - ~~(i) Revillagigedo Channel;~~
 - ~~(ii) Tongass Narrows South;~~
 - ~~(iii) Tongass Narrows North;~~
 - ~~(iv) Snow Passage;~~
 - ~~(v) Sumner Strait West;~~
 - ~~(vi) Frederick Sound;~~
 - ~~(vii) Stephens Passage South;~~
 - ~~(viii) Stephens Passage North;~~
 - ~~(ix) Gastineau Channel;~~
 - ~~(x) Icy Strait East and the Port of Hoonah;~~
 - ~~(xi) Lynn Canal;~~
 - ~~(xii) Icy Strait/Cross Sound;~~
 - ~~(xiii) Glacier Bay; and~~
- (3) pass the deputy marine pilot core examination described in 12 AAC 56.070(e).

12 AAC 56.029. GENERAL REQUIREMENTS FOR MARINE PILOT LICENSE. To qualify for a marine pilot license under AS 08.62.100(a), an applicant must

- (1) possess a valid United States Coast Guard license with an endorsement of first class pilotage without tonnage restrictions for the entire region for which a marine pilot license is sought;
- (2) show that the applicant has held a valid deputy marine pilot license in this state for a minimum of three years while remaining eligible for license renewal during this period of service without use of familiarization trips under AS 08.62.120;
- (3) repealed 10/25/2002;
- (4) possess a valid deputy marine pilot license without geographical exclusions in the region for which the marine pilot license is sought;
- (5) have completed a manned ship model course or a simulator course approved by the board within the three years before the date of application for a marine pilot license;
- (6) satisfy the regional experience requirements established in 12 AAC 56.031 for the region for which the marine pilot license is sought;
- (7) satisfy all additional licensure requirements established by the board in this chapter, including a passing grade on written and oral examinations required by the board in 12 AAC 56.070;
- (8) be a citizen of the United States;
- (9) show that the applicant has held a valid deputy marine pilot endorsement to pilot vessels of not more than ~~90,000~~ 110,000 gross tons.

.....

12 AAC 56.031. REGIONAL REQUIREMENTS FOR MARINE PILOT LICENSE. (a) Southeastern Alaska Region – An applicant for a marine pilot license in the Southeastern Alaska Region must complete the requirements of the training program for that region approved by the board under 12 AAC 56.035, including the following requirements:

- (1) while holding a deputy marine pilot endorsement to pilot vessels of not more than ~~90,000~~ 110,000 gross tons, complete at least 60 days of vessel movements on board vessels requiring a state licensed marine pilot, including three assessed dockings, three assessed undockings, and three assessed transits on vessels of 60,000 gross tons or

greater; no more than 40 percent of the dockings and undockings may be assessed by the same training pilot; an assessment required under this paragraph is a pass/fail evaluation, conducted by a training pilot, of an unassisted, supervised movement documented on a form included in the regional training program approved by the board under 12 AAC 56.035;

(2) pilot observer trips as required by 12 AAC 56.068.

(b) Southcentral Alaska Region – An applicant for a marine pilot license in the Southcentral Alaska Region must complete the requirements of the training program for that region approved by the board under 12 AAC 56.035, including the following requirements:

(1) while holding an endorsement to pilot vessels of not more than ~~90,000~~ **110,000** gross tons, complete a total of 20 supervised dockings and 20 supervised undockings at the available operational berths at the Alyeska Terminal; the dockings and undockings at the Alyeska Terminal must include four dockings and four undockings at night; at least half of the dockings and undockings must be performed within the period beginning October 1 and ending April 1;

(2) the applicant must have held a valid deputy marine pilot endorsement to pilot vessels of not more than ~~90,000~~ **110,000** gross tons for at least one year.

(c) Western Alaska Region – An applicant for a marine pilot license in the Western Alaska Region must complete the requirements of the training program for that region approved by the board under 12 AAC 56.035, including the following requirements:

(1) completion of 200 vessel movements in ports throughout the region, 100 of which must be either dockings or undockings;

(2) completion of a simulator or manned model course approved by the board; and

(3) the applicant must have held a valid deputy marine pilot endorsement to pilot vessels of not more than ~~90,000~~ **110,000** gross tons for at least one year.

.....

Authority:	AS 08.62.040	AS 08.62.097	AS 08.62.100
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12 AAC 56.033. DEPUTY MARINE PILOT APPRENTICESHIP PROGRAM. (a) To be approved by the board, a deputy marine pilot apprenticeship program must

(1) promote comprehensive pilot development through a program of intensive observation and instruction under the supervision of state licensed marine pilots;

(2) be open to all individuals who meet the application approval and candidate selection criteria adopted in the pilot organization's articles and bylaws;

(3) provide for the individual training needs of the apprentice considering the apprentice's background, maritime experience, and progress in the deputy marine pilot apprenticeship program; and

(4) promote individual career development through access to maritime training, education, and associated employment opportunities.

(b) The board will issue a deputy marine pilot license to an apprentice who

(1) meets the requirements of AS 08.62.093(a)(1);

(2) has completed a minimum of four years of training as an apprentice in a deputy marine pilot apprenticeship program approved under this section in the pilotage region for which the deputy marine pilot license is sought;

(3) meets the application requirements in 12 AAC 56.025;

(4) has passed the written and oral examinations required under 12 AAC 56.070; and

(5) repealed 1/29/2009;

(6) has completed the training requirements specified in a regional training program approved by the board under 12 AAC 56.035.

(c) An applicant accepted in an apprenticeship program established under this chapter may not begin the supervised vessel movements required under 12 AAC 56.028 before the apprentice

~~(1) has completed 12 months of apprenticeship training;~~

(2) **(1)** has passed the deputy marine pilot core examination required by the board under 12 AAC 56.070;

(3) **(2)** holds at least a United States Coast Guard license as master of steam or motor vessels of not more than 1,600 gross tons; and

(4) **(3)** holds a valid United States Coast Guard license with an endorsement of first class pilotage without tonnage restrictions for the areas in which the vessel movements will occur.

(d) The board will not approve an apprenticeship program unless a pilot organization agrees to notify the board when an individual is accepted into a deputy marine pilot apprenticeship program. An individual accepted into that program may not begin supervised observer, familiarization, or training trips, including supervised dockings, undockings, moorings, unmoorings, and transits of specific waterways required as part of the deputy marine pilot apprenticeship program, until the notice has been provided in accordance with this section.

.....

SWAPA

SOUTHWEST ALASKA PILOTS ASSOCIATION

P.O. Box 977
Homer, Alaska 99603

Tel: (907) 235-8783
Fax: (907) 235-6119

September 23, 2019

Alaska Board of Marine Pilots
P.O. Box 110806
Juneau, Alaska 99811-0806
Attn: Marine Pilot Coordinator

Dear Ms. Hondolero,

Re: Deputy Marine Pilot Apprenticeship Program.

The Deputy Marine Pilot Apprenticeship Program provides a path to licensure for individuals with the required USCG license, but who do not meet other criteria in order to enter a board approved training program. These criteria mainly refer to command/senior officer time and time on larger tonnage vessels.

When the statute for the apprenticeship program was enacted it was a change from the prior method of training. The current apprenticeship program imposes a time requirement whereas the previous training was all goal orientated. The prior training was based on successfully completing a minimum, set number of practical dockings and undockings (this is still the basis for the non-apprenticeship program). It was therefore not dependent on how much time elapsed in completing these pre-set objectives but rather that the objectives were met.

As the ultimate goals remain the same, we believe the time element does not necessarily improve the training. Furthermore, it does not expose the trainees to anything additional to improve on their possible lack of experience on greater tonnage vessels, understanding different management systems, or gaining proficiency in the areas of command, control and responsibility.

Presently there is an inequity in the apprenticeship program as some applicants may have a lot of the required federal pilotage before they enter the program, and others may have none. This experience is very valuable, as obtaining federal pilotage consumes a lot of time and resources. It would not be unusual for someone, entering the program with no federal pilotage, to spend two years in attaining these endorsements.

We believe that there is authority for change to the current regulations and this is explained further in the attached document. This document is a proposal to add a specific definition for

SOUTHWEST ALASKA PILOTS ASSOCIATION

“experience” to 12 AAC 56.990 along with an amendment to 12 AAC 56.033 (b) (2). Language to be added is in **bold, red, underlined font**.

We respectfully request that the Board review this proposal and thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Capt. Andrew S. Wakefield". The signature is written in a cursive, slightly slanted style.

Capt. Andrew S. Wakefield
President

by JLZ

Encs.

DEPUTY MARINE PILOT APPRENTICESHIP PROGRAM

Current statutes (emphasis added):

Sec. 08.62.040. Powers and duties.

- (a) The board shall
- (2) consistent with the law, adopt regulations, subject to AS 44.62 (Administrative Procedure Act), establishing the qualifications of and required training for pilots and providing for the examination of pilots and the issuance of original or renewal pilot licenses to qualified persons;

Sec. 08.62.093. Qualifications for deputy marine pilot license.

- (b) A person who applies for a deputy marine pilot license under this chapter shall provide proof satisfactory to the board of the following experience:
 - 6) four years of experience gained in a board approved deputy marine pilot apprenticeship program in the pilotage region for which the deputy marine pilot license is sought and hold at least a United States Coast Guard license as master of steam or motor vessels of not more than 1,600 gross tons.

Current regulation:

12 AAC 56.033. DEPUTY MARINE PILOT APPRENTICESHIP PROGRAM.

- (b) The board will issue a deputy marine pilot license to an apprentice who
 - (2) has completed a minimum of four years of training as an apprentice in a deputy marine pilot apprenticeship program approved under this section in the pilotage region for which the deputy marine pilot license is sought;

AUTHORITY FOR CHANGE

The statute does allow flexibility as the statute delegates to the regulations to define and clarify as required. ¹

Sec. 08.62.040. (a)The board shall (2) consistent with the law, adopt regulations.....establishing the qualifications of and required training for pilots.....

AK Stat § 44.62.030 (2015) If, by express or implied terms of a statute, a state agency has authority to adopt regulations to implement, interpret, make specific or otherwise carry out the

¹ Statutes are interpreted “according to reason, practicality, and common sense, considering the meaning of the statute’s language, its legislative history, and its purpose.” *State Department of Health and Social Services, Division of Public Assistance v. Gross*, 347 P.3d 116, 123 (Alaska 2015) (quoting *Louie v. BP Exploration (Alaska), Inc.*, 327 P.3d 204, 206 (Alaska 2014))

provisions of the statute, a regulation adopted is not valid or effective unless consistent with the statute and reasonably necessary to carry out the purpose of the statute.

The Board has, by this means, the authority to interpret 'experience' and doing so is consistent with the statute and is reasonably necessary in order to carry out the purpose of the statute.

PROPOSAL FOR INSERTION

12 AAC 56.990 DEFINITIONS

(f) As used in AS 08.62.093 (b) (6) and 12 AAC 56.033 (b) (2), "experience" regarding the time spent in a Deputy Marine Pilot apprenticeship program means the practical service in the position or duty specified. In accordance with the standards of 46 CFR 10.107 which recognizes additional service by means of a time credit, an apprentice who completes an excess of 25 % or more of all the supervised dockings and undockings required by 12 AAC 56.028, will be considered to have, by means of the excess, to have completed one year's experience.

PROPOSAL FOR AMENDMENT TO EXISTING REG

12 AAC 56.033. DEPUTY MARINE PILOT APPRENTICESHIP PROGRAM.

(b) The board will issue a deputy marine pilot license to an apprentice who
(2) has completed a minimum of four years of training **experience** as an apprentice in a deputy marine pilot apprenticeship program approved under this section in the pilotage region for which the deputy marine pilot license is sought;

BYLAWS

BYLAWS
OF
SOUTHWEST ALASKA PILOTS ASSOCIATION

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****NOTE – PAGE NUMBERS WILL CHANGE – SEE 'CLEAN' VERSION

**BYLAWS
OF
SOUTHWEST ALASKA PILOTS ASSOCIATION**

Note: Throughout this document, all gender-specific terms are to be considered to refer to both the feminine and the masculine form.

ARTICLE I

IDENTIFICATION

Section 1. Name. The name of the Association is Southwest Alaska Pilots Association.

Section 2. Principal Office. The principal office of the Association shall be in Homer, Alaska:

Post Office Box 977
Homer, Alaska 99603

The Association may have such other offices as from time to time are designated by its members or by the Board of Directors.

Section 3. Fiscal Year. The fiscal year of the Association will begin on the 1st day of January of each year, and end on the 31st day of December in the same year.

ARTICLE II

MEMBERSHIP

Section 1. Limitation. Membership will be limited as set forth in Article V of the Articles of Association. Membership is further defined in Article VIII, Section 10. The term "member" shall refer to both full member pilots and deputy member pilots.

Section 2. Voting. Voting procedures on applications for membership will be established so as to preserve the secrecy of the ballot.

Section 3. Definition of Affirmative Vote. A two-thirds (2/3) affirmative vote of the voting membership means a total of two-thirds of the total number of eligible members voting in favor of the proposition in question. An affirmative vote of a voting member means a vote in favor of the proposition in question whether at a meeting, by proxy or by mail or email vote. ~~by a member whether at a meeting, by proxy or mail vote.~~

Section 4. Condition of Membership. All pilots licensed under the Marine Pilot Act to pilot vessels in the region are eligible for membership. There are two levels of membership defined in Article VIII, Section 10. Further, membership shall be conditioned upon the applicant and, as to the corporate applicants, the owner thereof, signing a statement of agreement to abide by the Articles, and Bylaws ~~and Operating Rules~~ of the Association. The President or his designee may will furnish each new member with a letter outlining the procedures to be followed in the conduct of the Association's business. The new member, and, as to corporate members, the owner thereof, shall read, sign one copy and return the signed copy to the Association. The President or ~~the Secretary-Treasurer~~ his designee will give instructions regarding acceptable personal conduct aboard ship, and diplomacy to be used in membership dealings with shipboard personnel, save that such instruction may not include personal direction over the manner in which the member performs his independent contractual duties as a pilot.

Section 5. Admission. Immediately upon admission to membership, the new member will be entitled to the rights and privileges of Association membership as stated in the Articles, and Bylaws ~~and Operating~~ FOR REVIEW AT JAN 2020 BOMP MEETING

Section 6. Membership Status. Members of the Association, and as to the corporate members, the owner thereof through said corporation, shall be obligated to accept pilotage contracts from the ships offered through the Association as required throughout the year. Such pilotage contract and dispatch shall be assigned uniformly to each member in the class of other members with the same license, endorsements, and in-house clearances. A member will be entitled to vote, pursuant to Article IV, Section 4. A full member will be obligated to pay a full membership fee and associated charges, pursuant to Article III. Members shall, and be entitled to receive distributions of income pursuant to Article ~~IX~~ VIII. All members shall be required to maintain their relevant membership status per the terms and conditions of the Bylaws.

Section 7. Filing Requirements Corporate Members. The Secretary of the Association shall be entitled at any time to demand and receive from the corporate member updated documentation with regard to the member's Articles, Bylaws and Certificate of Good Standing.

Section 8. Conversion to Corporate Membership. Any individual member of the Association will be entitled to convert his individual membership to a corporate membership so long as the corporation meets the eligibility requirements of Article V, Section b of the Articles and by filing with the Secretary of the Association a certified copy of its Articles of Incorporation certified as being true and correct by the Commission or Commerce for the State of Alaska, a current certificate of Good Standing for said corporation issued by said Commissioner, and a copy of its bylaws certified as being true and correct and in full force and effect by the Secretary of said Corporation. Upon any such conversion the Board of Directors shall direct the transfer of the individual member's capital account to the substituted corporate member, and the individual full member shall be entitled either to transfer any ownership interests he may hold in Middle Rock Incorporated, Alaska Nautical Services LLC, or Berth II, Incorporated to the substitute corporate full member or to retain the same in his individual ownership.

Section 9. Conversion to Individual Membership. Any corporation member of the Association shall be entitled to convert its corporate membership to an individual membership in the name of the one hundred percent (100%) owner of said corporation, so long as said corporation's membership is in good standing and the owner thereof meets the qualifications set forth in Article V h, of the Articles of Association at the time the request to so convert is made to the Board of Directors.

Section 10. Other Transfer of Membership. Except as otherwise stated in Sections 8 and 9 of this Article, membership in the Association is nontransferable by act of the member, operation of law, or otherwise.

Section 11. The Association and its Members and Trainees to Participate in Drug and Alcohol Testing Program. The Association and its members and trainees will participate in a board (Alaska Board of Marine Pilots) approved random drug or alcohol testing program.

ARTICLE III

FULL MEMBERSHIP FEES AND CHARGES

The membership fee for those who qualify as a full member shall be ten thousand dollars (10,000) which amount will be credited to the full member's investment account, from the full member's individual capital account. The full membership fee may be increased by two-thirds (2/3) affirmative vote of the voting membership. All full members terminating their full membership will have an amount equal to the current full membership fee paid to them in addition to all monies credited to their individual capital account.

As an additional full membership charge, each full member shall be obligated to purchase and own one (1) share in Middle Rock, Inc. together with one (1) share in Berth II, Inc. and one (1) share in Alaska Nautical Services LLC. Only full members will be authorized and eligible to own these shares. The Board of Directors shall, prior to authorizing a ballot for full membership, enter into a purchase agreement with each prospective full member. Such agreement shall include, but not be limited to, (1) a time limit not to exceed three years, (2) a specific method by which the above equities shall be purchased, and (3) consent to the non-purchase provision stated below.

Any full member not meeting the terms of their purchasing agreement shall be subject to deductions from the full member's capital account in an amount up to, but not exceeding, the total current value of the non-purchased shares required as a condition of full membership. All deductions are to be made from the full member's semi-monthly draws in the amount of 35% of each draw until such time the original terms of the purchase agreement are met. All full members shall be required to maintain their membership status per the terms and conditions of the Bylaws.

All deductions are to be deposited in an escrow account until such time that the escrow account balance equals the purchase price of any outstanding share required for full membership.

The Officers and/or Directors of Southwest Alaska Pilots Association shall then authorize distribution of the escrow funds in payment for the required shares to fulfill the requirements of SWAPA full membership.

All full members terminating their membership will sell their shares in Middle Rock, Inc., Berth II, Inc. And Alaska Nautical Services LLC back to the respective corporations. ~~or to a member approved by the respective corporation.~~ The buy-back price will be the then current share value for their shares.

ARTICLE IV

MEETINGS OF THE MEMBERSHIP: MEETINGS AND VOTING

Section 1. Place of Meeting. The meetings of the membership of the Association will be held at the principal office of the Association.

~~Section 2. Semi-Annual Meetings. A semi-annual meeting of the Association shall be held at 10:00 o'clock in the forenoon of the 1st day of May of each year and at 10:00 o'clock in the forenoon of the 1st day of November of each year, if such days are not legal holidays, and if legal holidays, then of the first following day that is not a legal holiday. At its November semi-annual meeting, the membership shall establish the amount of vacation to be taken by members for the following calendar year (as to corporate members, this determination will be made with reference to the owners thereof otherwise obligated to perform the pilotage services assigned to such members). Failure to hold the semi-annual meetings at the designated time shall not work a forfeiture or dissolution of the Association.~~

Section 2. Meetings. The Association shall hold at least three regularly scheduled meetings each year. These shall typically be held in the spring, fall and winter. Failure to hold at least three meetings shall not work a forfeiture or dissolution of the Association.

Section 3. Special Meetings. Special meetings of the Association may be called by the President, the Board of Directors, or by any three (3) voting members requesting a special meeting in writing.

Section 4. Voting.

(a) Voting Rights and Voting Members. Each full member will be entitled to one vote. Each full member on the Transitional Retirement Program will have ½ vote.

A corporate voting member may only exercise its voting rights through the owner thereof. At each election of Directors each voting member shall have the right to vote, in person, ~~or~~ by proxy, by mail or email for as many persons as there are Directors to be elected.

(b) Quorum. A majority of the voting membership (51% or more), represented in person, by teleconference, or by proxy, shall constitute a quorum at a meeting of the membership. If there is not a quorum by voting members in attendance at a meeting in person, by teleconference or by proxy, no business may be conducted.

(c) Proxies. A voting member may vote either in person or by proxy executed in writing, electronically or telephonically by the voting member, or by his duly authorized Attorney in Fact. Proxy voting shall be limited to those matters submitted to the tentative agenda. The proxy must be received by the President or his designee or the person presiding at the meeting at or before the time of convening the meeting; however, a voting member present at a meeting who was called out by assignment or by other business prior to a vote, will be entitled to have a proxy with another voting member. A proxy may state the agent member's vote on one (1) or more issues, and such proxy shall be valid for one (1) meeting only, and the power to vote a proxy

FOR REVIEW AT JAN 2020 BOMP MEETING

may be revoked by the person giving the proxy at any time prior to actual voting. ~~A proxy cannot be voted by telephone unless the person presiding the meeting has a copy of the proxy in hand.~~

(d) Voting Procedure. Voting procedure shall conform to Roberts' Rules of Order, as revised, provided they are consistent with the Articles and Bylaws of this Association.

ARTICLE V

THE BOARD OF DIRECTORS

Section 1. Number and Qualification. The business and affairs of the Association will be managed by a Board of seven (7) Directors who must be full members of the Association, and/or, as to a corporate full member, the owner thereof acting on behalf of the Corporation, and who must be residents of the State of Alaska, and/or, as to the corporate full members, organized and existing under the laws of Alaska.

Section 2. Election. In October of each year, a ballot for electing the Association Board of Directors, which lists all Association full members, will be mailed or emailed to all Association voting members. Each Association voting member shall vote for seven (7) full members. Ballots shall be returned to the Association office to be counted. The seven Association full members who receive the most votes shall serve as the Board of Directors for the ensuing year.

Directors thus elected at such annual membership meeting shall hold office on January 1 and hold office until December 31. Each Director shall hold office for the term for which he is elected, and until his successor shall be elected and qualified.

In November of each year, a ballot for electing the Association officers, which lists the Association Board of Directors, shall be mailed or emailed to all Association voting members. Each Association voting member shall vote for a President, Vice President, and a Secretary/Treasurer. Ballots will be returned to the Association office to be counted. The members of the Board of Directors who receive the most votes shall serve as the President, Vice President, and Secretary/Treasurer.

Section 3. Nominating and Balloting. There shall be no nominations for elections to the Board of Directors. Each voting member will be entitled to vote for seven (7) ~~full-time full~~ members, or as to corporate full members, the individual owners thereof acting on behalf of their respective corporation and the seven (7) ~~full-time full~~ members receiving the highest number of votes in said election will be elected to the Board of Directors. In case of a tie vote for any position, another postal ballot, limited to the full members tied in the previous ballot, will be immediately submitted to the voting membership for another vote.

Section 4. Term of Office. The term of office of the members of the Board of Directors will be from the 1st day of January immediately following their election until the 31st day of December in the same year, or until their successors are elected and qualified.

Section 5. Vacancies. Any vacancy occurring on the Board of Directors will be filled by two-thirds (2/3) affirmative vote of the voting membership on postal ballot listing all eligible full members for the vacancy. The full member receiving the highest number of votes will be elected to complete the unexpired term of his predecessor in office.

Section 6. Place of Meetings. Meetings of the Board of Directors of the Association, annual, regular or special, shall be held at the principal office of the Association, or telephonically, or at another such place as may be designated by a majority of the Board of Directors.

Section 7. Meetings. The Board of Directors shall meet as soon as practicable after the scheduled winter meeting ~~November semi-annual meeting~~ of the membership, at the place where such meeting of the membership has been held or telephonically, for the purpose of organization, and consideration of any other business that may properly be brought before the Association.

The Board of Directors shall also meet as required quarterly ~~(excluding the month in which the scheduled May semi-annual membership meeting is held)~~ and shall, among other things, review the actions of the President, Vice President, and Secretary taken on behalf of the Association ~~during the preceding month~~, prepare a report to the membership, as necessary, covering those actions considered by the Board to be of significance to the membership, and determine whether or not any pending or prospective matters of business should then be submitted to the voting membership for determination by ballot, and upon any such determination, make such a submission within such period of times as will enable the Board to have the

results of the ballot available at the next regular meeting. ~~These procedures with regard to the monthly meetings will also be followed by the Board of Directors at their semi-annual meetings.~~

Section 8. Quorum. A majority of the number of Directors fixed by the Code of Bylaws will constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting in which a quorum is present will be the act of the Board of Directors.

Section 9. Removal. The entire Board of Directors, or any individual Director, may be removed from office without assigning any cause, by a two-thirds (2/3) affirmative vote of the voting membership at any regular or special meeting of the voting membership. Such removal of one (1) or more of the Directors will be deemed to create a vacancy or vacancies in the Board of Directors.

Section 10. Compensation. Members of the Board of Directors shall serve without compensation.

Section 11. Limitation on Authority. Authority to make major decisions affecting welfare and business of the Association is reserved by the voting membership. A majority vote of the voting membership may annul, amend, or supersede any action of the Board of Directors. The Board of Directors will submit to the voting membership by postal or electronic ballot any issue of major importance, policy, or expenditure that in the exercise of good judgment may be considered a major policy decision affecting the welfare or business of the Association. A two-thirds (2/3) affirmative vote of the voting membership shall decide the issue.

Section 12. Duties. It shall be the duty of the Board of Directors to:

- (a) Call special membership meetings pursuant to Article IV, Section 3 of the Bylaws;
- (b) Ensure the official ~~Officially~~ count of all ballots and post notices thereof in the principal office;
- (c) Approve for payment all non-routine statements and accounts of the Association which are in excess of ~~Twenty Five Hundred Dollars (\$2,500.)~~ Five Thousand Dollars (\$5,000.);
- (d) Retain a certified public accountant to audit books and accounts of the Association and advise regarding fiscal matters, assist in coordinating the work of the Office Manager or Business Manager and office clerk(s) ~~and the accountant~~;
- (e) Obtain legal counsel for advice regarding legal matters;
- (f) Employ and discharge, set the salary of, determine the amount of vacation of, and regulate the working hours and working conditions of all employees, subject to the concurrence of the voting membership and in accordance with the Southwest Alaska Pilots Association Policy and Procedure Manual;
- (g) Investigate all notices of misconduct by or barring of a member, and if deemed necessary, submit the facts to the voting membership;
- (h) Authorize the President or his designee, subject to the concurrence of the voting membership, to sign leases, charters, mortgages, notes, contracts, or other legal documents that may be necessary in the conduct of the business of the Association;
- (i) Maintain one or more bank accounts in the conduct of the business of the Association;
- (j) Tender to the membership the annual fiscal statement prepared by the certified public accountant;
- (k) Supervise, through the President or his designee, the maintenance of equipment, supplies, property, and the maintenance of full and complete files of the business activity of the Association;
- ~~(l) Adjudicate any controversy that may arise under the Operating Rules; and~~
- ~~(l) (m)~~ Meet as required under Article V, Section 7 of these Bylaws to conduct the business affairs of the Association, as enumerated above, or in its sound discretion on all other matters properly coming to its attention concerning the welfare of the Association.

ARTICLE VI

THE OFFICERS

Section 1. Officers. The officers of the Association shall consist of a President, Vice President and Secretary-Treasurer. No two (2) or more offices may be held by the same person.

Section 2. Election. Officers of the Association will be elected by the voting members of the Association, from among the Board of Directors, by mail or electronic ballot in November of each year. In the case of a tie vote for any position, another ballot confined to the full members tied in the previous ballot will be immediately submitted to the voting membership for a vote. The President of the Board of Directors shall be the Director receiving at least 50% of the votes from the returned ballots.

Section 3. Term of Office. The term of office of each officer will be one (1) year, and all commence on the 1st day of January immediately following elections, and continue until the 31st day of December of the same year, or until their successors are elected and qualified.

Section 4. Removal. Any officer may be removed from his office by a two-thirds (2/3) affirmative vote of the voting membership at any regular or special meeting.

Section 5. Vacancies. Whenever any vacancies occur in any office by death, resignation or otherwise, the same will be filled by two-thirds (2/3) affirmative vote of the voting membership, pursuant to the procedures stated in Section 2 above, and the officer so elected will hold office until a successor is chosen and qualified.

Section 6. Compensation. Officers of the Association will serve without compensation.

Section 7. Duties of the President. The President shall call a meeting of the Board of Directors when he deems necessary. The President will be an ex officio member of all committees. The President or his designee will preside at all meetings of the membership and the Board of Directors. He or his designee shall, unless the Board of Directors otherwise directs, act as spokesman ~~man~~ for the Association in discussions or dealings to which the Association is a party. He will work with the Office Manager or Business Manager to supervise the operation of the pilot office and check all correspondence, both incoming and outgoing. He or his designee will attend, when possible, the conventions or meetings of the American Pilots Association. The President will have the authority to nominate an assistant to perform special duties or to act in his place in the event of his absence. ~~The President shall call a meeting of the Board of Directors when he deems necessary. The President will be an ex officio member of all committees.~~ The President or his designee will sign all correspondence dealing with Association policy. The President or his designee ~~He~~ will supervise the office staff in operating the dispatch schedule.

Section 8. Duties of the Vice President. In the event of the President's death or inability, the Vice President will perform the duties of the President until the succeeding President is elected, and while so acting, will have all of the powers of and be subject to all the restrictions upon the President. The Vice President will perform all of such other duties as from time to time may be assigned to him by the Board of Directors. In addition, the Vice President will attend all meetings of the membership and of the Board of Directors.

Section 9. Duties of the Secretary-Treasurer. The Secretary-Treasurer will perform other duties as from time to time may be assigned to him by the Board of Directors. In addition, the Secretary-Treasurer will attend all meetings of the membership and of the Board of Directors. He or his designee will keep the minutes of all meetings of the Board of Directors and all general membership and special meetings. ~~When the Secretary is on leave or otherwise unavailable, the immediate past Secretary will take over these duties.~~ The Secretary will assist the President and Office Manager or Business Manager in the efficient operation of the office. The Secretary or his designee will maintain a clipboard-reading file with a copy of all letters sent and received under the name of Southwest Alaska Pilots Association. The Secretary-Treasurer or his designee will be responsible for the keeping of all financial statements, books, ~~and~~ files and maintenance of the Association website. He or his designee shall also ~~be~~ responsible for the signing of all outgoing bills and checks. He shall assist the President and Office Manager or Business Manager in the supervision and operation of the pilot office and be responsible for Association correspondence, ensuring that letters and inquiries are answered in timely fashion.

Section 10. Office Manager or Business Manager. An Office Manager or Business Manager may be hired by the Board of Directors of the Association with two-thirds (2/3) affirmative vote of the voting membership. The Office Manager or Business Manager shall not be a member of the Association. The Office Manager or Business Manager shall work directly under the President, Vice President and Secretary-Treasurer. The Office Manager or Business Manager shall supervise office and accounting, make up the bills, maintain a correspondence file, keep basic financial statements, run an efficient office, and perform any other duties as directed by the President or his designee. The salary of the Office Manager or Business Manager shall be set by the Board of Directors, subject to the concurrence of the voting membership.

ARTICLE VII

TERMINATION OF MEMBERSHIP

Section 1. Any member shall, upon retirement or termination of membership by death or expulsion (and/or as to corporate members, upon retirement of the owner thereof from his corporation, or upon termination of the corporate membership by death of the owner thereof, or by expulsion for misconduct of the owner thereof, or by failure of the Corporation to maintain its eligibility for corporate membership), be entitled to receive funds equivalent to this account payable (see Article ~~IX~~VIII, Section ~~6~~5). The amount of the account payable available for such return will be reduced by the amount of any outstanding balance owned by the member under Article ~~IX~~VIII of the Bylaws. This right to the account payable shall inure to the benefit of the heirs, successors and assigns of the member. The Association shall cause the payment to be made in one lump sum within thirty (30) days of the date of the retirement or termination of membership, except that if the Association Pool lacks funds in the amount required to be paid, the Association shall be entitled to make the payment in installments of not less than One Thousand Dollars (\$1,000) per month, without interest; the first such payment to commence thirty (30) days from the date of the retirement or termination of membership. If not paid in full within ninety (90) days, interest shall accrue at the current prime rate until fully paid.

Section 2. When all the monies due the terminating member or his or its heirs, successors or assigns have been paid in full, the recipient of such funds shall sign the release described in Section 3 of this Article. However, a terminating member who has accrued pro rata or personal expenses shall have that amount deducted prior to the amount herein referred to.

Section 3. The release required under Section 2 of this Article shall be in the following form:
"In consideration of the sum of \$ _____, in hand paid, the undersigned retiring Southwest Alaska Pilots Association member (or his heirs in the case of the death of an individual member) does hereby release or forever discharge the Southwest Alaska Pilots Association, its successors or assigns, from all future claims and demands whatsoever arising out of or in connection with my (or his or its) membership with Southwest Alaska Pilots Association."

ARTICLE VIII

DIVISION AND DISTRIBUTION OF INCOME

The income earned by the members of the Association will be divided and distributed pursuant to the following procedure effective January 1, 1993.

Section 1. Monthly Total Gross Income. Each month, the total gross income produced by members of the Association will be determined.

Section 2. Recurring Expenses. Recurring expenses are subtracted from the total gross income.

Section 3. Total Net Income. The result of Sections 1 and 2 above produces total net income.

Section 4. Determination of Member Shares. The formula for determination of member ~~and Deputy pilot~~ shares shown below applies to all members and is dependent on their membership status as described in Article VIII, Section 10 ~~and deputy pilots~~. Incumbent in receiving the following share percentages is the actual ability to pilot in those areas. If a member ~~or deputy pilot~~ loses clearance in one or more areas, or if a customer refuses to accept the services of an individual member ~~pilot or deputy pilot~~, the Board of Directors may in its discretion decrease the share percentage of the subject member ~~pilot or deputy pilot~~ as set forth in

the following table. A member ~~or deputy pilot~~ whose share percentage is decreased may have it restored to its former level after removing all limitations. The steps to determine Share percentage under this formula are as follows:

65% share for members ~~and deputies~~ holding a 50,000 gross ton license.

70% share for members ~~and deputies~~ holding a 65,000 gross ton license.

75% share for members ~~and deputies~~ holding an 90,000 gross ton license.

80% share for members ~~and deputies~~ holding an unlimited gross ton license, without a VLCC Endorsement and without In-House TAPS clearance.

100% share for full members holding an unlimited tonnage license and a VLCC Endorsement and In-House clearance.

The percentages shown above may vary from year to year and may be amended from time to time by a two-thirds (2/3) affirmative vote of the voting membership.

Section 5. Accounts Payable and Distributions: Each ~~full~~ member has an accounts payable which is credited with such member's monthly share as described above. Draws will be made ~~monthly or~~ semi-monthly throughout the year, ~~on or before the seventh day of the month~~. Draws will not be allowed to reduce the Association's general bank account below \$50,000 at any time, nor may they exceed the balance due in such member's account.

Section 6. Non-recurring Expenses. Non-recurring expenses in amounts greater than one thousand dollars, as determined by the Board of Directors, are allocated equally among all members. Non-recurring expenses are expenses which are incurred only once. Expenses which are incurred every year or more than once are considered recurring expenses and will be paid accordingly.

Section 7. Certain Transportation Credits. The membership may agree that certain transportation credits that are not part of the authorized tariff or other special expenses shall be credited to the account of the members.

Section 8. Personal Expenses of Members. The following expense items are ~~expenses~~ personal expenses which may apply to each member and which will be paid by the Southwest Alaska Pilots Association, and then deducted from the accounts of the respective members.

- (a) American Pilots Association dues;
- (b) Dues to Master, Mates and Pilots, Pilot Division;
- (c) Personal hospitalization and major medical insurance premiums;
- (d) License insurance; ~~and~~;
- (e) Insurance premiums for civil suit defense policies; ~~;~~
- (f) Disability insurance; and.
- (g) Public Information Officer dues

Each member shall provide the bookkeeping personnel of ~~SWAPA~~ Southwest Alaska Pilots Association with the specific information for payment of the member's individual insurance plans as outlined in paragraphs (c), (d), ~~and~~ (e) and (f) above if applicable.

Section 9. Expenses for Association Business. Members will be entitled to reimbursement for expenses incurred on Association business which have prior approval of the Board of Directors. Travel and per diem expenses will be reimbursed at the same rate as published in the State Pilotage Regulations. Any additional expense must be supported by receipts. However, the Board of Directors may disallow any unreasonable expenditures.

Section 10. Definitions.

I: "Membership" refers to full members and deputy members.

(a) Full Member. A full member of the Association who is licensed by the U.S. Coast Guard and the State of Alaska to pilot in all areas and on vessels of all tonnages in the region in which the Association is recognized by the Alaska Board of Marine Pilots ~~and has work~~. A full member will have the voting rights specified in Article IV. All full members of the Association as of the date of the adoption of these bylaws will continue to be full members after adoption of these bylaws.

(b) Deputy Deputy Pilot Member. A member pilot who has a deputy marine pilot license, completing ~~a~~ the state approved ~~SWAPA~~ Southwest Alaska Pilots Association training program to qualify for a marine pilot license.

The term "member" as used in the Bylaws refers to both full and deputy members. The terms in (a) or (b) above may be used specifically as required.

II: OTHER

~~(ea) Other-Contract Pilots. A Pilots who may provide services on an agreed-upon and temporary basis for the Association and who is not a member and has work. A Contract Pilot shall be required to hold the necessary USCG and/or State of Alaska licenses and endorsements required to fulfill -any duties required and/or requested of them by the Association in the region in which the Association is recognized by the Alaska Board of Marine Pilots. are licensed by the U.S. Coast Guard and the State of Alaska to pilot in restricted areas and on vessels of all tonnages in the region in which the Association is recognized by the Alaska Board of Marine Pilots and has work.~~

~~(eb)~~ Trainee. A ~~member~~ pilot who is licensed under the Marine Pilot Act 08.62.093 and is in the process of completing the state approved ~~SWAPA~~ Southwest Alaska Pilots Association training program to qualify for a marine pilot license.

Section 11. Transitional Retirement Program.

(a) Upon reaching 59-1/2 years of age and ten (10) years as a full member of Southwest Alaska Pilots Association, or a full member upon reaching 59-1/2 years of age with a 2/3 majority vote of the voting membership, or twenty (20) years as a full member of Southwest Alaska Pilots Association, it becomes the pilot's option to work less than six (6) months a year. A transitionally retired pilot on dispatch for six (6) months or more a year will be classified as a full pilot.

(b) The pilot(s) participating in the Transitional Retirement Program shall; work as needed in Valdez and pay only shared expenses while on dispatch.

(c) The pilot's capital account shall remain at \$10,000 minimum to pay for personal expenses including but not limited to; dues, medical, disability and license insurance. Should the \$10,000 minimum be exhausted, the pilot will receive a bill from Southwest Alaska Pilots Association for the deficiency.

(d) A transitionally retired pilot may work any or all of the period between May 1 and September 30 of any calendar year and/or during Winter Ice ~~Rules-Guidelines (when Lower Cook Inlet B Condition [LCIBC] is in effect)~~ and be on regular dispatch for this period; not to exceed 153 days. During periods outside the above, dispatch for a transitionally retired pilot shall be at the discretion of Southwest Alaska Pilots Association. A pilot may extend this work schedule for the purpose of accruing sixty (60) shipboard days in a year.

(e) Should a transitional pilot decide to return to full pilot status and be on normal rotation, the returning pilot must pay back shared expenses incurred by member pilots during his absence.

(f) The maximum length of time a pilot can be transitionally retired shall be limited to two (2) biennial license renewal periods (maximum of four (4) calendar years). ~~—~~The voting membership may extend this period for one or more years on an individual pilot basis by a 2/3 affirmative ballot vote.

Section 12. Shared Expenses for Member On Qualified Disability Status.

A member who is unable to work due to medical reasons and has either filed and is claiming disability insurance or would otherwise be eligible to claim disability insurance per the terms of the policy held by the Association (disability status) will not be required to pay shared expenses for the period they qualify for disability status. The Board of Directors shall be entitled at any time, before or during a pilot disability period, to request information from member's physician(s) and/or require that the member on disability status be examined or re-examined by a medical doctor of its choosing and, upon the doctor's certification of fitness for duty and/or termination of claim with insurance company, remove the member from disability status. Any member on disability status shall be required to be under the regular care of a physician and shall be required to submit regular proof of continuing disability to be exempt from paying shared expenses.

ARTICLE IX

OPERATING RULES

~~Association membership will, by two-thirds (2/3) affirmative vote of the membership, as soon as practicable following adoption of these Bylaws by the membership, establish Operating Rules as required by the Articles of Association. Any member may petition the Board of Directors for a temporary change in the Operating Rules, which request shall be decided by a two-thirds (2/3) affirmative vote of the Board of Directors.~~

ARTICLE IX

NOTICE OF MEETING AND POSTAL BALLOT

Section 1. Notice of Meeting.

(a) Membership Meetings. The President of the Association will cause a written or printed notice, stating the place, date and hour of the ~~semi-annual~~ meetings of the membership, ~~together with a tentative agenda,~~ to be noticed on the daily dispatch sheet or mailed or emailed to each member not less than seven (7) days prior to the date of the meeting. A tentative agenda shall be forwarded at least four (4) days prior to the meeting. Cut-off time for adding items to the agenda shall be by 1600 hours two days prior to meeting. Special meetings may be held upon call of the President upon notice given by word of mouth, telephone, or ~~radio-phone~~ email not later than twelve (12) hours before the time set for said meeting. Written or email notices shall be deemed to be delivered when deposited in the United States mail, addressed or emailed to the member at his mail or email address as it appears in the membership books of the Association, ~~with postage thereon prepaid.~~ Waiver by a member in writing of notice of a membership meeting, signed by him whether before or after the time of such meeting, shall be equivalent to the giving of such notice. Attendance by a member, whether in person or by proxy, of a membership meeting, shall constitute a waiver of notice of such meeting, of which he has not had notice, unless he causes an objection to be recorded with the Secretary at the time of this attendance in person, or within ten (10) days of his attendance of such meeting by proxy.

(b) Board of Directors Meeting. Meetings may be held upon call of the President upon notice given by word of mouth, telephone or ~~radio-phone~~ email not later than twelve (12) hours before the time set for said meeting. Notice of meetings of the Board of Directors may be waived in writing signed by the person or persons entitled to such notice, whether before or after notice. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because such meeting is not lawfully convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the waiver of notice of any such meeting.

Section 2. Postal Ballot. Postal ballot, where required under these Bylaws, will be conducted as follows:

(a) The ballot will be secret;

(b) The ballot will be mailed or emailed to each voting member of the Association ~~by deposit in the United States Post Office, postage prepaid~~, addressed to the voting member at his mailing address or email address as it appears in the membership books of the Association; save that if direct hand delivery to the voting member or delivery to the voting member's mail distribution receptacle in the main office of the Association would be more expeditious than the U.S. mail, such ballots will be so delivered; and

(c) The ballot will be returned to the principal office of the Association not more than twenty (20) days following the date of its mailing/dissemination to each voting member. Ballots not returned within this period of time will be considered invalid and will not be counted. A postal ballot will only be valid if at least two-thirds (2/3) of the total voting membership cast ballots.

ARTICLE XI

AMENDMENTS

The power to alter, amend or repeal the Bylaws, or to adopt a new Code of Bylaws, so long as any such alteration, amendment, repeat or adoption of a new code is not in conflict with the Articles of Association, is reserved to the voting membership of the Association. The two-thirds (2/3) affirmative vote of the voting membership is necessary to exercise such reserved power. Any such change to these Bylaws will be subject to approval by the Alaska Board of Marine Pilots.

ARTICLE XII

DISCIPLINARY ACTIONS AND GRIEVANCES

Section 1. The Board of Directors will hear all signed and written (a) requests from a master or owner of a vessel showing cause to not dispatch a particular pilot to a particular vessel and (b) complaints directed at an individual member of alleged misconduct that affects his continued service as a Southwest Alaska Pilots Association member, or as a business associate, and will likewise hear all signed and written complaints directed at a corporate member for alleged misconduct of its owner that affects its continued service as a Southwest Alaska Pilots Association member, or as a business associate. The accused member (or, as to a corporate member, the owner thereof) shall be entitled to defend himself before the Board of Directors against any charges. The charged member shall be entitled to select an active member of the Association to assist in the defense before the Board.

The Board of Directors has the authority to (a) make a finding of cause to not dispatch a particular pilot to a particular vessel and (b) suspend a member for a period not to exceed thirty (30) days upon the two-thirds (2/3) affirmative vote of the entire Board of Directors for: Violation by the individual member, or as to a corporate member, by the owner thereof of the

Bylaws, Articles or Dispatch Policy. However, the Board may elect to refer suspension in question to the voting membership for the final vote, either by postal or electronic ballot or by voting in any regular or special meeting of the voting membership, in which case a two-thirds (2/3) affirmative vote of the voting membership is necessary to suspend a member. In all cases where the disciplinary action recommended by the Board of Directors exceeds a thirty (30) days' suspension, such action must be submitted to the voting membership necessary to invoke the suspension. In all cases, the member charged with misconduct has the right to appeal the suspension by the Board within five (5) days, any penalty imposed shall be held in abeyance until the matter is determined by the voting membership. An appeal from a decision of the Board shall be decided in full or in part by a two-thirds (2/3) affirmative vote of the voting membership. The member charged does not have the right to vote on his own appeal. The individual or corporate member aggrieved by the appellate decision of the voting

membership has the right within thirty (30) days after notice of the [voting](#) membership's appellate decision to seek arbitration of the issues on appeal. The Association and aggrieved member will be bound by the arbitration decision.

Section 2. In any disciplinary action taken under this Article wherein the final decision rests with the [voting](#) membership, the [voting](#) membership shall be fully apprised of all pertinent facts by a written report of the findings by the Board of Directors. However, before findings and recommendations of the Board are submitted to the [voting](#) membership, the same will be served on the person charged. The person charged will have twenty (20) days to prepare a written rebuttal if he desires, which will be transmitted with the findings and the recommendations of the Board.

Section 3. In order to expel a member from this Association, a two-thirds (2/3) affirmative vote of the [voting](#) membership is necessary. The decision of the [voting](#) membership will be final in all cases of expulsion or suspension, and no further charges may be brought against the member for the same incident complained of originally.

Section 4. Any member of the Association (or, as to a corporate member, the owner or any subcontractor, agent or employee thereof) who pilots any vessel subject to the pilotage laws of the United States or of the State of Alaska in Southwest Alaska without being dispatched by the Association will be subject to the disciplinary provisions of these Bylaws.

The foregoing Bylaws of Southwest Alaska Pilots Association was duly approved by two-thirds (2/3) affirmative vote of the [voting](#) membership of the Association on the ninth day of August, 2007 [and duly amended in accordance with the dated catalogue of revisions attached to these Bylaws](#).

President

Secretary/Treasurer

AMENDMENTS TO THE SOUTHWEST ALASKA PILOTS ASSOCIATION BYLAWS PASSED BY TWO-THIRDS (2/3) MAJORITY VOTE:

- | | |
|------------------------|---|
| AMENDMENT I 3/18/93: | ARTICLE IV, SECTION 4, (a) Voting Rights. |
| AMENDMENT II 3/18/93: | ARTICLE VIII, SECTION 4, Determination of Member Shares. (Grandfather current members) |
| AMENDMENT III 8/16/93: | ARTICLE VIII, SECTION 11, Transitional Retirement Program. |
| AMENDMENT IV 6/7/94: | ARTICLE VIII, SECTION 4, Determination of Member Shares. (Allocation of pay distribution for training pilots) |
| AMENDMENT V 10/17/95: | ARTICLE VIII, SECTION 4, Determination of Member Shares. (Multi-factor for deputy pilots) |
| AMENDMENT VI 11/28/95: | ARTICLE III, MEMBERSHIP FEES AND CHARGES. (Addition of Berth II, Incorporated) |

AMENDMENT VII 6/2/98: ARTICLE V, SECTION 12, BOARD OF DIRECTORS DUTIES. (Spending limit)

AMENDMENT VIII 10/12/98: ARTICLE III, MEMBERSHIP FEES AND CHARGES. (Addition of Alaska Nautical Services LLC)

AMENDMENT IX 4/30/99: ARTICLE VIII, DIVISION AND DISTRIBUTION OF INCOME, Section 4. (Replace "Any Gross Tons" with "60,000 ton license".)

AMENDMENT X 1/25/00: ARTICLE VIII, SECTION 11, TRANSITIONAL RETIRMENT PROGRAM. (Add sentence for pilot deciding to return to full pilot status after being on the program.)

AMENDMENT XI 7/26/00: ARTICLE VIII, SECTION 11, (d), TRANSITIONAL RETIREMENT PROGRAM. (Defines months to be on dispatch.)

AMENDMENT XII 11/6/00: ARTICLE VIII, SECTION 11, (d), TRANSITIONAL RETIREMENT PROGRAM. (Extension of time on dispatch for the purpose of accruing 60 shipboard days in a year.)

AMENDMENT XIII 11/2/01: ARTICLE IV, Section 4, Voting Rights. (Changes voting rights from time on dispatch in previous year to ½ vote for participants of the Transitional Retirement Program.)

AMENDMENT XIV 5/7/02: ARTICLE VIII, Section 4, Determination of Member Shares. (Changes percentages for tonnages.)

AMENDMENT XV 9/30/03: ARTICLE VIII, Section 4, Determination of Member Shares. (Change to give Board of Directors authority to decrease share percentage for pilot or deputy pilot should he loose clearance in one or more areas.)

AMENDMENT XVI 4/9/04: ARTICLE VIII, Section 11, Transitional Retirement Program. (Change to add a maximum length of time a pilot can be on the Program.)

AMENDMENT XVII 7/29/04: ARTICLE VIII, Section 11, (a), Transitional Retirement Program. (Change to add participation in the program upon reaching 59-1/2 with 2/3 majority vote of the membership.)

AMENDMENT XVIII 5/11/05: ARTICLE VII, add Section 4, mandatory retirement age.

AMENDMENT XIX 5/11/05: ARTICLE II, add Section 12, the Association adopts the Alaska Marine Pilots Retirement Program.

AMENDMENT XX 6/26/06: ARTICLE VII, Section 4, the Association voted to strike the 70 year mandatory retirement clause.

AMENDMENT XXI 6/26/06: ARTICLE VIII, Section 11, add paragraph (g) to give the board authority to extend the period for one or more years.

AMENDMENT XXII 8/21/06: ARTICLE VI, Officers, Section 2 adding that the President shall be the Director receiving at least 50% of the votes.

AMENDMENT XXIII 8/21/06: ARTICLE VIII, Section 11 (f) amended to read that the membership, by 2/3 affirmative vote, may extend the transitional retirement period for one or more years.

AMENDMENT XXIV 11/2/06: ARTICLE VIII, Section 4. Determination of Member Shares to increase share percentages for Deputy Pilots.

AMENDMENT XXV 8/9/07: ARTICLE II, Section 12. Delete entire section to remove reference to the Alaska Marine Pilots Retirement Program.

AMENDMENT XXVI 02/25/09: ARTICLE VIII, Section 4. Change 60,000 gross ton license and 80,000 gross

ton license to 65,000 and 90,000 gross tons in order to reflect changes to 12 AAC 56.011 sections (3), (7), (8c) and (8d) - tonnage increases implemented by BOMP - January 29, 2009.

AMENDMENT XXVII 06/11/12: ARTICLE VIII Section 11(d). Allow a transitionally retired pilot to work the May 1 to Sept 30 period AND/OR during Winter Ice Guidelines Rules-when ~~Phase II~~ Lower Cook Inlet B conditions (LCIBC) are ~~is~~ in effect (not to exceed 153 days).

AMENDMENT XXVIII 09/20/12: ARTICLE X Section 2(c). Period of time to return a ballot is changed from thirty (30) days to twenty (20) days.

AMENDMENT XXIX 03/31/18: ARTICLE VIII Section 4. 65% share for members and deputies holding a 25,000 ton license is changed to a 50,000 ton license in order to reflect changes to 12 AAC 56.011 (a) (1) - tonnage increase implemented by BOMP – to take effect April 14, 2018.

AMENDMENT XXX 10/04/19: ARTICLE VIII Section 12. Member on qualified disability status is not required to pay shared expenses for the period they qualify for disability status.

AMENDMENT XXXI 11/13/19: ARTICLE IV, Section 2. Amend wording to clarify requirements for membership meetings.

AMENDMENT XXXII 11/13/19: ARTICLE V, Section 12 (c). Increase approval for payment of all non-routine statements and accounts to \$5,000.00.

AMENDMENT XXXIII 11/14/19. ARTICLE VIII, Section 11 (f). Clarification of maximum time a pilot may be transitionally retired.

AMENDMENT XXXIV 11/14/19. ARTICLE V, Section 3. To allow a non-full-time full member (transitional pilot) to serve on the SWAPA Board of Directors.

AMENDMENT XXXV 11/14/19. ARTICLE II, Section 6 and ARTICLE III. Requirement for a full member to maintain their relevant status.

AMENDMENT XXXVI 11/15/19. ARTICLE VIII, Section 10, sub-section I and Section 10, sub-section II. To both clarify and add definitions for members, contract pilots and trainees.

AMENDMENT XXXVII 11/15/19. ARTICLE II, Sections 4 and 5, ARTICLE V, Section 12 (l) and removal of ARTICLE IX. Removal of references to Operating Rules as not legally required for an Association operating under Bylaws and Articles of Association.

AMENDMENT XXXVIII 01/07/20. VARIOUS. General cleanup of language and terminology in the SWAPA Bylaws to endeavor to ensure consistency and clarity throughout document.

**BYLAWS
OF
SOUTHWEST ALASKA PILOTS ASSOCIATION**

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**BYLAWS
OF
SOUTHWEST ALASKA PILOTS ASSOCIATION**

Note: Throughout this document, all gender-specific terms are to be considered to refer to both the feminine and the masculine form.

ARTICLE I

IDENTIFICATION

Section 1. Name. The name of the Association is Southwest Alaska Pilots Association.

Section 2. Principal Office. The principal office of the Association shall be in Homer, Alaska:

Post Office Box 977
Homer, Alaska 99603

The Association may have such other offices as from time to time are designated by its members or by the Board of Directors.

Section 3. Fiscal Year. The fiscal year of the Association will begin on the 1st day of January of each year, and end on the 31st day of December in the same year.

ARTICLE II

MEMBERSHIP

Section 1. Limitation. Membership will be limited as set forth in Article V of the Articles of Association. Membership is further defined in Article VIII, Section 10. The term "member" shall refer to both full member pilots and deputy member pilots.

Section 2. Voting. Voting procedures on applications for membership will be established so as to preserve the secrecy of the ballot.

Section 3. Definition of Affirmative Vote. A two-thirds (2/3) affirmative vote of the voting membership means a total of two-thirds of the total number of eligible members voting in favor of the proposition in question. An affirmative vote of a voting member means a vote in favor of the proposition in question whether at a meeting, by proxy or by mail or email vote.

Section 4. Condition of Membership. All pilots licensed under the Marine Pilot Act to pilot vessels in the region are eligible for membership. There are two levels of membership defined in Article VIII, Section 10. Further, membership shall be conditioned upon the applicant and, as to the corporate applicants, the owner thereof, signing a statement of agreement to abide by the Articles and Bylaws of the Association. The President or his designee may furnish each new member with a letter outlining the procedures to be followed in the conduct of the Association's business. The new member, and, as to corporate members, the owner thereof, shall read, sign one copy and return the signed copy to the Association. The President or his designee will give instructions regarding acceptable personal conduct aboard ship, and diplomacy to be used in membership dealings with shipboard personnel, save that such instruction may not include personal direction over the manner in which the member performs his independent contractual duties as a pilot.

Section 5. Admission. Immediately upon admission to membership, the new member will be entitled to the rights and privileges of Association membership as stated in the Articles and Bylaws of the Association.

Section 6. Membership Status. Members of the Association, and as to the corporate members, the owner thereof through said corporation, shall be obligated to accept pilotage contracts from the ships offered through the Association as required throughout the year. Such pilotage contract and dispatch shall be assigned uniformly to each member in the class of other members with the same license, endorsements, and in-house clearances. A member will be entitled to vote, pursuant to Article IV, Section 4. A full member will be

obligated to pay a full membership fee and associated charges, pursuant to Article III. Members shall be entitled to receive distributions of income pursuant to Article VIII. All members shall be required to maintain their relevant membership status per the terms and conditions of the Bylaws.

Section 7. Filing Requirements Corporate Members. The Secretary of the Association shall be entitled at any time to demand and receive from the corporate member updated documentation with regard to the member's Articles, Bylaws and Certificate of Good Standing.

Section 8. Conversion to Corporate Membership. Any individual member of the Association will be entitled to convert his individual membership to a corporate membership so long as the corporation meets the eligibility requirements of Article V, Section b of the Articles and by filing with the Secretary of the Association a certified copy of its Articles of Incorporation certified as being true and correct by the Commission or Commerce for the State of Alaska, a current certificate of Good Standing for said corporation issued by said Commissioner, and a copy of its bylaws certified as being true and correct and in full force and effect by the Secretary of said Corporation. Upon any such conversion the Board of Directors shall direct the transfer of the individual member's capital account to the substituted corporate member, and the individual full member shall be entitled either to transfer any ownership interests he may hold in Middle Rock Incorporated, Alaska Nautical Services LLC, or Berth II, Incorporated to the substitute corporate full member or to retain the same in his individual ownership.

Section 9. Conversion to Individual Membership. Any corporation member of the Association shall be entitled to convert its corporate membership to an individual membership in the name of the one hundred percent (100%) owner of said corporation, so long as said corporation's membership is in good standing and the owner thereof meets the qualifications set forth in Article V h, of the Articles of Association at the time the request to so convert is made to the Board of Directors.

Section 10. Other Transfer of Membership. Except as otherwise stated in Sections 8 and 9 of this Article, membership in the Association is nontransferable by act of the member, operation of law, or otherwise.

Section 11. The Association and its Members and Trainees to Participate in Drug and Alcohol Testing Program. The Association and its members and trainees will participate in a board (Alaska Board of Marine Pilots) approved random drug or alcohol testing program.

ARTICLE III

FULL MEMBERSHIP FEES AND CHARGES

The membership fee for those who qualify as a full member shall be ten thousand dollars (10,000) which amount will be credited to the full member's investment account, from the full member's individual capital account. The full membership fee may be increased by two-thirds (2/3) affirmative vote of the voting membership. All full members terminating their full membership will have an amount equal to the current full membership fee paid to them in addition to all monies credited to their individual capital account.

As an additional full membership charge, each full member shall be obligated to purchase and own one (1) share in Middle Rock, Inc. together with one (1) share in Berth II, Inc. and one (1) share in Alaska Nautical Services LLC. Only full members will be authorized and eligible to own these shares. The Board of Directors shall, prior to authorizing a ballot for full membership, enter into a purchase agreement with each prospective full member. Such agreement shall include, but not be limited to, (1) a time limit not to exceed three years, (2) a specific method by which the above equities shall be purchased, and (3) consent to the non-purchase provision stated below.

Any full member not meeting the terms of their purchasing agreement shall be subject to deductions from the full member's capital account in an amount up to, but not exceeding, the total current value of the non-purchased shares required as a condition of full membership. All deductions are to be made from the full member's semi-monthly draws in the amount of 35% of each draw until such time the original terms of the purchase agreement are met. All full members shall be required to maintain their membership status per the terms and conditions of the Bylaws.

All deductions are to be deposited in an escrow account until such time that the escrow account

balance equals the purchase price of any outstanding share required for full membership.

The Officers and/or Directors of Southwest Alaska Pilots Association shall then authorize distribution of the escrow funds in payment for the required shares to fulfill the requirements of full membership.

All full members terminating their membership will sell their shares in Middle Rock, Inc., Berth II, Inc. and Alaska Nautical Services LLC back to the respective corporations. The buy-back price will be the then current share value for their shares.

ARTICLE IV

MEETINGS OF THE MEMBERSHIP: MEETINGS AND VOTING

Section 1. Place of Meeting. The meetings of the membership of the Association will be held at the principal office of the Association.

Section 2. Meetings. The Association shall hold at least three regularly scheduled meetings each year. These shall typically be held in the spring, fall and winter. Failure to hold at least three meetings shall not work a forfeiture or dissolution of the Association.

Section 3. Special Meetings. Special meetings of the Association may be called by the President, the Board of Directors, or by any three (3) voting members requesting a special meeting in writing.

Section 4. Voting.

(a) Voting Rights and Voting Members. Each full member will be entitled to one vote. Each full member on the Transitional Retirement Program will have ½ vote.

A corporate voting member may only exercise its voting rights through the owner thereof. At each election of Directors each voting member shall have the right to vote, in person, by proxy, by mail or email for as many persons as there are Directors to be elected.

(b) Quorum. A majority of the voting membership (51% or more), represented in person, by teleconference, or by proxy, shall constitute a quorum at a meeting of the membership. If there is not a quorum by voting members in attendance at a meeting in person, by teleconference or by proxy, no business may be conducted.

(c) Proxies. A voting member may vote either in person or by proxy executed in writing, electronically or telephonically by the voting member, or by his duly authorized Attorney in Fact. Proxy voting shall be limited to those matters submitted to the tentative agenda. The proxy must be received by the President or his designee or the person presiding at the meeting at or before the time of convening the meeting; however, a voting member present at a meeting who was called out by assignment or by other business prior to a vote, will be entitled to have a proxy with another voting member. A proxy may state the agent member's vote on one (1) or more issues, and such proxy shall be valid for one (1) meeting only, and the power to vote a proxy may be revoked by the person giving the proxy at any time prior to actual voting.

(d) Voting Procedure. Voting procedure shall conform to Roberts' Rules of Order, as revised, provided they are consistent with the Articles and Bylaws of this Association.

ARTICLE V

THE BOARD OF DIRECTORS

Section 1. Number and Qualification. The business and affairs of the Association will be managed by a Board of seven (7) Directors who must be full members of the Association, and/or, as to a corporate full member, the owner thereof acting on behalf of the Corporation, and who must be residents of the State of Alaska, and/or, as to the corporate full members, organized and existing under the laws of Alaska.

Section 2. Election. In October of each year, a ballot for electing the Association Board of Directors,
FOR REVIEW AT JAN 2020 BOMP MEETING

which lists all Association full members, will be mailed or emailed to all Association voting members. Each Association voting member shall vote for seven (7) full members. Ballots shall be returned to the Association office to be counted. The seven Association full members who receive the most votes shall serve as the Board of Directors for the ensuing year.

Directors thus elected at such annual membership meeting shall hold office on January 1 and hold office until December 31. Each Director shall hold office for the term for which he is elected, and until his successor shall be elected and qualified. In November of each year, a ballot for electing the Association officers, which lists the Association Board of Directors, shall be mailed or emailed to all Association voting members. Each Association voting member shall vote for a President, Vice President, and a Secretary/Treasurer. Ballots will be returned to the Association office to be counted. The members of the Board of Directors who receive the most votes shall serve as the President, Vice President, and Secretary/Treasurer.

Section 3. Nominating and Balloting. There shall be no nominations for elections to the Board of Directors. Each voting member will be entitled to vote for seven (7) full members, or as to corporate full members, the individual owners thereof acting on behalf of their respective corporation and the seven (7) full members receiving the highest number of votes in said election will be elected to the Board of Directors. In case of a tie vote for any position, another postal ballot, limited to the full members tied in the previous ballot, will be immediately submitted to the voting membership for another vote.

Section 4. Term of Office. The term of office of the members of the Board of Directors will be from the 1st day of January immediately following their election until the 31st day of December in the same year, or until their successors are elected and qualified.

Section 5. Vacancies. Any vacancy occurring on the Board of Directors will be filled by two-thirds (2/3) affirmative vote of the voting membership on postal ballot listing all eligible full members for the vacancy. The full member receiving the highest number of votes will be elected to complete the unexpired term of his predecessor in office.

Section 6. Place of Meetings. Meetings of the Board of Directors of the Association, annual, regular or special, shall be held at the principal office of the Association, or telephonically, or at another such place as may be designated by a majority of the Board of Directors.

Section 7. Meetings. The Board of Directors shall meet as soon as practicable after the scheduled winter meeting of the membership, at the place where such meeting of the membership has been held or telephonically, for the purpose of organization, and consideration of any other business that may properly be brought before the Association.

The Board of Directors shall also meet as required and shall, among other things, review the actions of the President, Vice President, and Secretary taken on behalf of the Association, prepare a report to the membership, as necessary, covering those actions considered by the Board to be of significance to the membership, and determine whether or not any pending or prospective matters of business should then be submitted to the voting membership for determination by ballot, and upon any such determination, make such a submission within such period of times as will enable the Board to have the results of the ballot available at the next regular meeting.

Section 8. Quorum. A majority of the number of Directors fixed by the Code of Bylaws will constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting in which a quorum is present will be the act of the Board of Directors.

Section 9. Removal. The entire Board of Directors, or any individual Director, may be removed from office without assigning any cause, by a two-thirds (2/3) affirmative vote of the voting membership at any regular or special meeting of the voting membership. Such removal of one (1) or more of the Directors will be deemed to create a vacancy or vacancies in the Board of Directors.

Section 10. Compensation. Members of the Board of Directors shall serve without compensation.

Section 11. Limitation on Authority. Authority to make major decisions affecting welfare and business of the Association is reserved by the voting membership. A majority vote of the voting membership may annul, amend, or supersede any action of the Board of Directors. The Board of Directors will submit to the

voting membership by postal or electronic ballot any issue of major importance, policy, or expenditure that in the exercise of good judgment may be considered a major policy decision affecting the welfare or business of the Association. A two-thirds (2/3) affirmative vote of the voting membership shall decide the issue.

Section 12. Duties. It shall be the duty of the Board of Directors to:

- (a) Call special membership meetings pursuant to Article IV, Section 3 of the Bylaws;
 - (b) Ensure the official count of all ballots and post notices thereof in the principal office;
 - (c) Approve for payment all non-routine statements and accounts of the Association which are in excess of Five Thousand Dollars (\$5,000.);
 - (d) Retain a certified public accountant to audit books and accounts of the Association and advise regarding fiscal matters, assist in coordinating the work of the Office Manager or Business Manager and office clerk(s);
 - (e) Obtain legal counsel for advice regarding legal matters;
 - (f) Employ and discharge, set the salary of, determine the amount of vacation of, and regulate the working hours and working conditions of all employees, subject to the concurrence of the voting membership and in accordance with the Southwest Alaska Pilots Association Policy and Procedure Manual;
 - (g) Investigate all notices of misconduct by or barring of a member, and if deemed necessary, submit the facts to the voting membership;
 - (h) Authorize the President or his designee, subject to the concurrence of the voting membership, to sign leases, charters, mortgages, notes, contracts, or other legal documents that may be necessary in the conduct of the business of the Association;
 - (i) Maintain one or more bank accounts in the conduct of the business of the Association;
 - (j) Tender to the membership the annual fiscal statement prepared by the certified public accountant;
 - (k) Supervise, through the President or his designee, the maintenance of equipment, supplies, property, and the maintenance of full and complete files of the business activity of the Association;
- and
- (l) Meet as required under Article V, Section 7 of these Bylaws to conduct the business affairs of the Association, as enumerated above, or in its sound discretion on all other matters properly coming to its attention concerning the welfare of the Association.

ARTICLE VI

THE OFFICERS

Section 1. Officers. The officers of the Association shall consist of a President, Vice President and Secretary-Treasurer. No two (2) or more offices may be held by the same person.

Section 2. Election. Officers of the Association will be elected by the voting members of the Association, from among the Board of Directors, by mail or electronic ballot in November of each year. In the case of a tie vote for any position, another ballot confined to the full members tied in the previous ballot will be immediately submitted to the voting membership for a vote. The President of the Board of Directors shall be the Director receiving at least 50% of the votes from the returned ballots.

Section 3. Term of Office. The term of office of each officer will be one (1) year, and all commence on the 1st day of January immediately following elections, and continue until the 31st day of December of the same year, or until their successors are elected and qualified.

Section 4. Removal. Any officer may be removed from his office by a two-thirds (2/3) affirmative vote of the voting membership at any regular or special meeting.

Section 5. Vacancies. Whenever any vacancies occur in any office by death, resignation or otherwise, the same will be filled by two-thirds (2/3) affirmative vote of the voting membership, pursuant to the procedures stated in Section 2 above, and the officer so elected will hold office until a successor is chosen and qualified.

Section 6. Compensation. Officers of the Association will serve without compensation.

Section 7. Duties of the President. The President shall call a meeting of the Board of Directors when he deems necessary. The President will be an ex officio member of all committees. The President or his designee will preside at all meetings of the membership and the Board of Directors. He or his designee shall, unless the Board of Directors otherwise directs, act as spokesman for the Association in discussions or dealings to which the Association is a party. He will work with the Office Manager or Business Manager to supervise the operation of the pilot office and check all correspondence, both incoming and outgoing. He or his designee will attend, when possible, the conventions or meetings of the American Pilots Association. The President will have the authority to nominate an assistant to perform special duties or to act in his place in the event of his absence. The President or his designee will sign all correspondence dealing with Association policy. The President or his designee will supervise the office staff in operating the dispatch schedule.

Section 8. Duties of the Vice President. In the event of the President's death or inability, the Vice President will perform the duties of the President until the succeeding President is elected, and while so acting, will have all of the powers of and be subject to all the restrictions upon the President. The Vice President will perform all of such other duties as from time to time may be assigned to him by the Board of Directors. In addition, the Vice President will attend all meetings of the membership and of the Board of Directors.

Section 9. Duties of the Secretary-Treasurer. The Secretary-Treasurer will perform other duties as from time to time may be assigned to him by the Board of Directors. In addition, the Secretary-Treasurer will attend all meetings of the membership and of the Board of Directors. He or his designee will keep the minutes of all meetings of the Board of Directors and all general membership and special meetings. The Secretary will assist the President and Office Manager or Business Manager in the efficient operation of the office. The Secretary or his designee will maintain a reading file with a copy of all letters sent and received under the name of Southwest Alaska Pilots Association. The Secretary-Treasurer or his designee will be responsible for the keeping of all financial statements, books, files and maintenance of the Association website. He or his designee shall also be responsible for the signing of all outgoing bills and checks. He shall assist the President and Office Manager or Business Manager in the supervision and operation of the pilot office and be responsible for Association correspondence, ensuring that letters and inquiries are answered in timely fashion.

Section 10. Office Manager or Business Manager. An Office Manager or Business Manager may be hired by the Board of Directors of the Association with two-thirds (2/3) affirmative vote of the voting membership. The Office Manager or Business Manager shall not be a member of the Association. The Office Manager or Business Manager shall work directly under the President, Vice President and Secretary-Treasurer. The Office Manager or Business Manager shall supervise office and accounting, make up the bills, maintain a correspondence file, keep basic financial statements, run an efficient office, and perform any other duties as directed by the President or his designee. The salary of the Office Manager or Business Manager shall be set by the Board of Directors, subject to the concurrence of the voting membership.

ARTICLE VII

TERMINATION OF MEMBERSHIP

Section 1. Any member shall, upon retirement or termination of membership by death or expulsion (and/or as to corporate members, upon retirement of the owner thereof from his corporation, or upon termination of the corporate membership by death of the owner thereof, or by expulsion for misconduct of the owner thereof, or by failure of the Corporation to maintain its eligibility for corporate membership), be entitled to receive funds equivalent to this account payable (see Article VIII, Section 5). The amount of the account payable available for such return will be reduced by the amount of any outstanding balance owned by the

member under Article VIII of the Bylaws. This right to the account payable shall inure to the benefit of the heirs, successors and assigns of the member. The Association shall cause the payment to be made in one lump sum within thirty (30) days of the date of the retirement or termination of membership, except that if the Association Pool lacks funds in the amount required to be paid, the Association shall be entitled to make the payment in installments of not less than One Thousand Dollars (\$1,000) per month, without interest; the first such payment to commence thirty (30) days from the date of the retirement or termination of membership. If not paid in full within ninety (90) days, interest shall accrue at the current prime rate until fully paid.

Section 2. When all the monies due the terminating member or his or its heirs, successors or assigns have been paid in full, the recipient of such funds shall sign the release described in Section 3 of this Article. However, a terminating member who has accrued pro rata or personal expenses shall have that amount deducted prior to the amount herein referred to.

Section 3. The release required under Section 2 of this Article shall be in the following form:

"In consideration of the sum of \$ _____, in hand paid, the undersigned retiring Southwest Alaska Pilots Association member (or his heirs in the case of the death of an individual member) does hereby release or forever discharge the Southwest Alaska Pilots Association, its successors or assigns, from all future claims and demands whatsoever arising out of or in connection with my (or his or its) membership with Southwest Alaska Pilots Association."

ARTICLE VIII

DIVISION AND DISTRIBUTION OF INCOME

The income earned by the members of the Association will be divided and distributed pursuant to the following procedure effective January 1, 1993.

Section 1. Monthly Total Gross Income. Each month, the total gross income produced by members of the Association will be determined.

Section 2. Recurring Expenses. Recurring expenses are subtracted from the total gross income.

Section 3. Total Net Income. The result of Sections 1 and 2 above produces total net income.

Section 4. Determination of Member Shares. The formula for determination of member shares shown below applies to all members and is dependent on their membership status as described in Article VIII, Section 10. Incumbent in receiving the following share percentages is the actual ability to pilot in those areas. If a member loses clearance in one or more areas, or if a customer refuses to accept the services of an individual member, the Board of Directors may in its discretion decrease the share percentage of the subject member as set forth in the following table. A member whose share percentage is decreased may have it restored to its former level after removing all limitations. The steps to determine Share percentage under this formula are as follows:

65% share for members holding a 50,000 gross ton license.

70% share for members holding a 65,000 gross ton license.

75% share for members holding a 90,000 gross ton license.

80% share for members holding an unlimited gross ton license, without a VLCC Endorsement and without In-House TAPS clearance.

100% share for full members holding an unlimited tonnage license and a VLCC Endorsement and In-House clearance.

The percentages shown above may vary from year to year and may be amended from time to time by a two-thirds (2/3) affirmative vote of the voting membership.

Section 5. Accounts Payable and Distributions: Each member has an accounts payable which is credited with such member's monthly share as described above. Draws will be made semi-monthly throughout the year. Draws will not be allowed to reduce the Association's general bank account below \$50,000 at any time, nor may they exceed the balance due in such member's account.

Section 6. Non-recurring Expenses. Non-recurring expenses in amounts greater than one thousand dollars, as determined by the Board of Directors, are allocated equally among all members. Non-recurring expenses are expenses which are incurred only once. Expenses which are incurred every year or more than once are considered recurring expenses and will be paid accordingly.

Section 7. Certain Transportation Credits. The membership may agree that certain transportation credits that are not part of the authorized tariff or other special expenses shall be credited to the account of the members.

Section 8. Personal Expenses of Members. The following expense items are personal expenses which may apply to each member and which will be paid by the Southwest Alaska Pilots Association, and then deducted from the accounts of the respective members.

- (a) American Pilots Association dues;
- (b) Dues to Master, Mates and Pilots, Pilot Division;
- (c) Personal hospitalization and major medical insurance premiums;
- (d) License insurance;
- (e) Insurance premiums for civil suit defense policies;
- (f) Disability insurance; and,
- (g) Public Information Officer dues

Each member shall provide the bookkeeping personnel of Southwest Alaska Pilots Association with the specific information for payment of the member's individual insurance plans as outlined in paragraphs (c), (d), (e) and (f) above if applicable.

Section 9. Expenses for Association Business. Members will be entitled to reimbursement for expenses incurred on Association business which have prior approval of the Board of Directors. Travel and per diem expenses will be reimbursed at the same rate as published in the State Pilotage Regulations. Any additional expense must be supported by receipts. However, the Board of Directors may disallow any unreasonable expenditures.

Section 10. Definitions.

I: "Membership" refers to full members and deputy members.

(a) Full Member. A full member of the Association who is licensed by the U.S. Coast Guard and the State of Alaska to pilot in all areas and on vessels of all tonnages in the region in which the Association is recognized by the Alaska Board of Marine Pilots. A full member will have the voting rights specified in Article IV. All full members of the Association as of the date of the adoption of these bylaws will continue to be full members after adoption of these bylaws.

(b) Deputy Member. A member pilot who has a deputy marine pilot license, completing the state approved Southwest Alaska Pilots Association training program to qualify for a marine pilot license.

The term "member" as used in the Bylaws refers to both full and deputy members. The terms in (a) or (b) above may be used specifically as required.

II: OTHER

(a) Contract Pilot. A Pilot who may provide services on an agreed-upon and temporary basis for the Association and who is not a member and has work. A Contract Pilot shall be required to hold the necessary USCG and/or State of Alaska licenses and endorsements required to fulfill any duties required and/or requested of them by the Association in the region in which the Association is recognized by the Alaska Board of Marine Pilots.

(b) Trainee. A pilot who is licensed under the Marine Pilot Act 08.62.093 and is in the process of completing the state approved Southwest Alaska Pilots Association training program to qualify for a marine pilot license.

Section 11. Transitional Retirement Program.

(a) Upon reaching 59-1/2 years of age and ten (10) years as a full member of Southwest Alaska Pilots Association, or a full member upon reaching 59-1/2 years of age with a 2/3 majority vote of the voting membership, or twenty (20) years as a full member of Southwest Alaska Pilots Association, it becomes the pilot's option to work less than six (6) months a year. A transitionally retired pilot on dispatch for six (6) months or more a year will be classified as a full pilot.

(b) The pilot(s) participating in the Transitional Retirement Program shall; work as needed in Valdez and pay only shared expenses while on dispatch.

(c) The pilot's capital account shall remain at \$10,000 minimum to pay for personal expenses including but not limited to; dues, medical, disability and license insurance. Should the \$10,000 minimum be exhausted, the pilot will receive a bill from Southwest Alaska Pilots Association for the deficiency.

(d) A transitionally retired pilot may work any or all of the period between May 1 and September 30 of any calendar year and/or during Winter Ice Guidelines (when Lower Cook Inlet B Condition [LCIBC] is in effect) and be on regular dispatch for this period; not to exceed 153 days. During periods outside the above, dispatch for a transitionally retired pilot shall be at the discretion of Southwest Alaska Pilots Association. A pilot may extend this work schedule for the purpose of accruing sixty (60) shipboard days in a year.

(e) Should a transitional pilot decide to return to full pilot status and be on normal rotation, the returning pilot must pay back shared expenses incurred by member pilots during his absence.

(f) The maximum length of time a pilot can be transitionally retired shall be limited to two (2) biennial license renewal periods (maximum of four (4) calendar years). The voting membership may extend this period for one or more years on an individual pilot basis by a 2/3 affirmative ballot vote.

Section 12. Shared Expenses for Member On Qualified Disability Status.

A member who is unable to work due to medical reasons and has either filed and is claiming disability insurance or would otherwise be eligible to claim disability insurance per the terms of the policy held by the Association (disability status) will not be required to pay shared expenses for the period they qualify for disability status. The Board of Directors shall be entitled at any time, before or during a pilot disability period, to request information from member's physician(s) and/or require that the member on disability status be examined or re-examined by a medical doctor of its choosing and, upon the doctor's certification of fitness for duty and/or termination of claim with insurance company, remove the member from disability status. Any member on disability status shall be required to be under the regular care of a physician and shall be required to submit regular proof of continuing disability to be exempt from paying shared expenses.

ARTICLE IX

NOTICE OF MEETING AND POSTAL BALLOT

Section 1. Notice of Meeting.

(a) Membership Meetings. The President of the Association will cause a written or printed notice, stating the place, date and hour of the meetings of the membership, to be noticed on the daily dispatch sheet or mailed or emailed to each member not less than seven (7) days prior to the date of the meeting. A tentative agenda shall be forwarded at least four (4) days prior to the meeting. Cut-off time for adding items to the agenda shall be by 1600 hours two days prior to meeting. Special meetings may be held upon call of the President upon notice given by word of mouth, telephone, or email not later than twelve (12) hours before the time set for said meeting. Written or email notices shall be deemed to be delivered when deposited in the United States mail, addressed or emailed to the member at his mail or email address as it appears in the membership books of the Association. Waiver by a member in writing of notice of a membership meeting, signed by him whether before or after the time of such meeting, shall be equivalent to the giving of such

notice. Attendance by a member, whether in person or by proxy, of a membership meeting, shall constitute a waiver of notice of such meeting, of which he has not had notice, unless he causes an objection to be recorded with the Secretary at the time of this attendance in person, or within ten (10) days of his attendance of such meeting by proxy.

(b) Board of Directors Meeting. Meetings may be held upon call of the President upon notice given by word of mouth, telephone or email not later than twelve (12) hours before the time set for said meeting. Notice of meetings of the Board of Directors may be waived in writing signed by the person or persons entitled to such notice, whether before or after notice. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because such meeting is not lawfully convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the waiver of notice of any such meeting.

Section 2. Postal Ballot. Postal ballot, where required under these Bylaws, will be conducted as follows:

(a) The ballot will be secret;

(b) The ballot will be mailed or emailed to each voting member of the Association, addressed to the voting member at his mailing address or email address as it appears in the membership books of the Association; save that if direct hand delivery to the voting member or delivery to the voting member's mail distribution receptacle in the main office of the Association would be more expeditious than the U.S. mail, such ballots will be so delivered; and

(c) The ballot will be returned to the principal office of the Association not more than twenty (20) days following the date of its mailing/dissemination to each voting member. Ballots not returned within this period of time will be considered invalid and will not be counted. A postal ballot will only be valid if at least two-thirds (2/3) of the total voting membership cast ballots.

ARTICLE X

AMENDMENTS

The power to alter, amend or repeal the Bylaws, or to adopt a new Code of Bylaws, so long as any such alteration, amendment, repeat or adoption of a new code is not in conflict with the Articles of Association, is reserved to the voting membership of the Association. The two-thirds (2/3) affirmative vote of the voting membership is necessary to exercise such reserved power. Any such change to these Bylaws will be subject to approval by the Alaska Board of Marine Pilots.

ARTICLE XI

DISCIPLINARY ACTIONS AND GRIEVANCES

Section 1. The Board of Directors will hear all signed and written (a) requests from a master or owner of a vessel showing cause to not dispatch a particular pilot to a particular vessel and (b) complaints directed at an individual member of alleged misconduct that affects his continued service as a Southwest Alaska Pilots Association member, or as a business associate, and will likewise hear all signed and written complaints directed at a corporate member for alleged misconduct of its owner that affects its continued service as a Southwest Alaska Pilots Association member, or as a business associate. The accused member (or, as to a corporate member, the owner thereof) shall be entitled to defend himself before the Board of Directors against any charges. The charged member shall be entitled to select an active member of the Association to assist in the defense before the Board.

The Board of Directors has the authority to (a) make a finding of cause to not dispatch a particular pilot to a particular vessel and (b) suspend a member for a period not to exceed thirty (30) days upon the two-thirds (2/3) affirmative vote of the entire Board of Directors for: Violation by the individual member, or as to a corporate member, by the owner thereof of the Bylaws, Articles or Dispatch Policy. However, the Board may elect to refer suspension in question to the voting membership for the final vote, either by postal or electronic ballot or by voting in any regular or special meeting of the voting membership, in which case a two-thirds (2/3)

affirmative vote of the voting membership is necessary to suspend a member. In all cases where the disciplinary action recommended by the Board of Directors exceeds a thirty (30) days' suspension, such action must be submitted to the voting membership necessary to invoke the suspension. In all cases, the member charged with misconduct has the right to appeal the suspension by the Board within five (5) days, any penalty imposed shall be held in abeyance until the matter is determined by the voting membership. An appeal from a decision of the Board shall be decided in full or in part by a two-thirds (2/3) affirmative vote of the voting membership. The member charged does not have the right to vote on his own appeal. The individual or corporate member aggrieved by the appellate decision of the voting membership has the right within thirty (30) days after notice of the voting membership's appellate decision to seek arbitration of the issues on appeal. The Association and aggrieved member will be bound by the arbitration decision.

Section 2. In any disciplinary action taken under this Article wherein the final decision rests with the voting membership, the voting membership shall be fully apprised of all pertinent facts by a written report of the findings by the Board of Directors. However, before findings and recommendations of the Board are submitted to the voting membership, the same will be served on the person charged. The person charged will have twenty (20) days to prepare a written rebuttal if he desires, which will be transmitted with the findings and the recommendations of the Board.

Section 3. In order to expel a member from this Association, a two-thirds (2/3) affirmative vote of the voting membership is necessary. The decision of the voting membership will be final in all cases of expulsion or suspension, and no further charges may be brought against the member for the same incident complained of originally.

Section 4. Any member of the Association (or, as to a corporate member, the owner or any subcontractor, agent or employee thereof) who pilots any vessel subject to the pilotage laws of the United States or of the State of Alaska in Southwest Alaska without being dispatched by the Association will be subject to the disciplinary provisions of these Bylaws.

The foregoing Bylaws of Southwest Alaska Pilots Association was duly approved by two-thirds (2/3) affirmative vote of the voting membership of the Association on the ninth day of August, 2007 and duly amended in accordance with the dated catalogue of revisions attached to these Bylaws .

President

Secretary/Treasurer

AMENDMENTS TO THE SOUTHWEST ALASKA PILOTS ASSOCIATION BYLAWS PASSED BY TWO-THIRDS (2/3) MAJORITY VOTE:

AMENDMENT I 3/18/93: ARTICLE IV, SECTION 4, (a) Voting Rights.

AMENDMENT II 3/18/93: ARTICLE VIII, SECTION 4, Determination of Member Shares. (Grandfather current members)

AMENDMENT III 8/16/93: ARTICLE VIII, SECTION 11, Transitional Retirement Program.

AMENDMENT IV 6/7/94: ARTICLE VIII, SECTION 4, Determination of Member Shares. (Allocation of pay distribution for training pilots)

AMENDMENT V 10/17/95: ARTICLE VIII, SECTION 4, Determination of Member Shares. (Multi-factor for deputy pilots)

AMENDMENT VI 11/28/95: ARTICLE III, MEMBERSHIP FEES AND CHARGES. (Addition of Berth II,

Incorporated)

AMENDMENT VII 6/2/98: ARTICLE V, SECTION 12, BOARD OF DIRECTORS DUTIES. (Spending limit)

AMENDMENT VIII 10/12/98: ARTICLE III, MEMBERSHIP FEES AND CHARGES. (Addition of Alaska Nautical Services LLC)

AMENDMENT IX 4/30/99: ARTICLE VIII, DIVISION AND DISTRIBUTION OF INCOME, Section 4. (Replace "Any Gross Tons" with "60,000 ton license".)

AMENDMENT X 1/25/00: ARTICLE VIII, SECTION 11, TRANSITIONAL RETIRMENT PROGRAM. (Add sentence for pilot deciding to return to full pilot status after being on the program.)

AMENDMENT XI 7/26/00: ARTICLE VIII, SECTION 11, (d), TRANSITIONAL RETIREMENT PROGRAM. (Defines months to be on dispatch.)

AMENDMENT XII 11/6/00: ARTICLE VIII, SECTION 11, (d), TRANSITIONAL RETIREMENT PROGRAM. (Extension of time on dispatch for the purpose of accruing 60 shipboard days in a year.)

AMENDMENT XIII 11/2/01: ARTICLE IV, Section 4, Voting Rights. (Changes voting rights from time on dispatch in previous year to ½ vote for participants of the Transitional Retirement Program.)

AMENDMENT XIV 5/7/02: ARTICLE VIII, Section 4, Determination of Member Shares. (Changes percentages for tonnages.)

AMENDMENT XV 9/30/03: ARTICLE VIII, Section 4, Determination of Member Shares. (Change to give Board of Directors authority to decrease share percentage for pilot or deputy pilot should he loose clearance in one or more areas.)

AMENDMENT XVI 4/9/04: ARTICLE VIII, Section 11, Transitional Retirement Program. (Change to add a maximum length of time a pilot can be on the Program.)

AMENDMENT XVII 7/29/04: ARTICLE VIII, Section 11, (a), Transitional Retirement Program. (Change to add participation in the program upon reaching 59-1/2 with 2/3 majority vote of the membership.)

AMENDMENT XVIII 5/11/05: ARTICLE VII, add Section 4, mandatory retirement age.

AMENDMENT XIX 5/11/05: ARTICLE II, add Section 12, the Association adopts the Alaska Marine Pilots Retirement Program.

AMENDMENT XX 6/26/06: ARTICLE VII, Section 4, the Association voted to strike the 70 year mandatory retirement clause.

AMENDMENT XXI 6/26/06: ARTICLE VIII, Section 11, add paragraph (g) to give the board authority to extend the period for one or more years.

AMENDMENT XXII 8/21/06: ARTICLE VI, Officers, Section 2 adding that the President shall be the Director receiving at least 50% of the votes.

AMENDMENT XXIII 8/21/06: ARTICLE VIII, Section 11 (f) amended to read that the membership, by 2/3 affirmative vote, may extend the transitional retirement period for one or more years.

AMENDMENT XXIV 11/2/06: ARTICLE VIII, Section 4. Determination of Member Shares to increase share percentages for Deputy Pilots.

AMENDMENT XXV 8/9/07: ARTICLE II, Section 12. Delete entire section to remove reference to the Alaska Marine Pilots Retirement Program.

AMENDMENT XXVI 02/25/09: ARTICLE VIII, Section 4. Change 60,000 gross ton license and 80,000 gross ton license to 65,000 and 90,000 gross tons in order to reflect changes to 12 AAC 56.011 sections (3), (7), (8c) and (8d) - tonnage increases implemented by BOMP - January 29, 2009.

AMENDMENT XXVII 06/11/12: ARTICLE VIII Section 11(d). Allow a transitionally retired pilot to work the May 1 to Sept 30 period AND/OR during Winter Ice Guidelines when Lower Cook Inlet B conditions (LCIBC) are in effect (not to exceed 153 days).

AMENDMENT XXVIII 09/20/12: ARTICLE X Section 2(c). Period of time to return a ballot is changed from thirty (30) days to twenty (20) days.

AMENDMENT XXIX 03/31/18: ARTICLE VIII Section 4. 65% share for members and deputies holding a 25,000 ton license is changed to a 50,000 ton license in order to reflect changes to 12 AAC 56.011 (a) (1) - tonnage increase implemented by BOMP – to take effect April 14, 2018.

AMENDMENT XXX 10/04/19: ARTICLE VIII Section 12. Member on qualified disability status is not required to pay shared expenses for the period they qualify for disability status.

AMENDMENT XXXI 11/13/19: ARTICLE IV, Section 2. Amend wording to clarify requirements for membership meetings.

AMENDMENT XXXII 11/13/19: ARTICLE V, Section 12 (c). Increase approval for payment of all non-routine statements and accounts to \$5,000.00.

AMENDMENT XXXIII 11/14/19. ARTICLE VIII, Section 11 (f). Clarification of maximum time a pilot may be transitionally retired.

AMENDMENT XXXIV 11/14/19. ARTICLE V, Section 3. To allow a non-full-time full member (transitional pilot) to serve on the SWAPA Board of Directors.

AMENDMENT XXXV 11/14/19. ARTICLE II, Section 6 and ARTICLE III. Requirement for a full member to maintain their relevant status.

AMENDMENT XXXVI 11/15/19. ARTICLE VIII, Section 10, sub-section I and Section 10, sub-section II. To both clarify and add definitions for members, contract pilots and trainees.

AMENDMENT XXXVII 11/15/19. ARTICLE II, Sections 4 and 5, ARTICLE V, Section 12 (l) and removal of ARTICLE IX. Removal of references to Operating Rules as not legally required for an Association operating under Bylaws and Articles of Association.

AMENDMENT XXXVIII 01/07/20. VARIOUS. General cleanup of language and terminology in the SWAPA Bylaws to endeavor to ensure consistency and clarity throughout document.

AMP

SEVENTH AMENDMENT TO AMENDED OPERATING AGREEMENT OF ALASKA MARINE PILOTS, LLC

THIS SEVENTH AMENDMENT TO AMENDED OPERATING AGREEMENT OF ALASKA MARINE PILOTS, LLC, an Alaska limited liability company (the “Amendment”) is made effective as of **January 17, 2020**, by and among Quest Enterprises, Inc. (Captain Richard Entenmann), Grey Beard Enterprises, Inc. (Captain Jay Boyer), Captain David Lund, Captain Richard Murphy, Salt Life, Inc. (Captain Carter Whalen), **Midnight Sun Maritime, LLC**, (Captain David Arzt), Captain William Gillespie, CWC Inc. (Captain Clayton Christy), **Acrux Maritime Svcs, Inc.** (Captain Keith Austin) (hereinafter collectively the “Members”) and hereby amends that certain Amended Operating Agreement of Alaska Marine Pilots, LLC (the “Operating Agreement”) dated June 1, 2007, as amended effective on January 1, 2009, and January 1, 2010, to reflect new members (Second and Third Amendments), as amended in March 2012 to simplify the process of adding new members (Fourth Amendment), as amended in December 2013 to modify the method of income allocating (Fifth Amendment), and as amended in September 2014 to recognize AMP Holdings, LLC as a subsidiary to hold real estate assets, and streamline the process of members entering or departing the Company (Sixth Amendment).

WHEREAS, On **November 22, 2019** Alaska Marine Pilots, LLC (the “Company”) identified provisions of the Operating Agreement that should be amended to align the Company with industries standards for new members purchasing a Unit of the Company.

WHEREAS, the Members also identified the need to separate the duties of (Secretary / Treasurer) into separate officer positions, one as (“Secretary”) and a second as (“Treasurer”).

WHEREAS, the Members also identified the need to make adjustments to the promissory notes of the Company or of the purchasing Member.

NOW THEREFORE for good and valuable consideration and in recognition of the above recitals, which are material to this Amendment, the parties agree as follows:

1. Section VI(C)(4) is amended to read as follows, new text **[Bold]**

Upon admission, a new Member shall pay a **[Operating]** Capital Contribution, shall purchase a Unit from the Company, **[and shall pay a non-refundable Initiation Fee to the Company]**.

- a) The **[Operating]** Capital Contribution to be paid by a new Member shall be set forth in the Policy Manual. The **[Operating]** Capital Contribution shall be paid in full under terms set forth in the Policy Manual.

b) If the Company does not currently hold an existing Unit, the Company will create a new Unit. Upon the creation of additional Units, in addition to the original Units authorized by this Agreement, each Unit will be modified so that all Units shall have an equal pro-rata interest in the profits, losses, and distributable cash flow of the Company. The price to be paid to the Company for a Unit shall be the fair market value as determined under Section XII(C)(3)(c) and under the procedures set forth therein, however there shall be no minority discount, the net value shall be divided by the total number of outstanding units, and the purchase price shall be paid in full at the time of the new Member's entrance into the Company. The Company shall allocate the **[Operating]** Capital Contribution and purchase price to such accounts (including accounts of subsidiaries) as advised by the Company accountant.

c) **[A new Member shall pay a non-refundable Initiation Fee to the Company of \$100,000.00.]**

2. Section XV (Management) Separate the duties of Secretary / Treasurer. No new language is added.

3. Section XIII(C)(3)(c) is amended to read as follows, new text **[Bold]**

If the Purchase price ~~equals or~~ exceeds ~~\$25,000~~ **[\$75,000]**, then the term of the note shall be three years. If the Purchase Price ~~equals or~~ exceeds ~~\$50,000~~ **[\$150,000]**, then the term of the note shall be five years. ~~If the Purchase Price equals or exceeds \$100,000, then the term of the note shall be 10 years.~~

AMENDED OPERATING AGREEMENT OF ALASKA MARINE PILOTS, LLC

This AMENDED OPERATING AGREEMENT (“Agreement”) is made effective as of the **[17th day of January 2020]** by and among the members whose names are set forth on the signature pages (hereinafter collectively known as Members, and individually as Member or by Member’s last name), and amends and replaces all prior versions of this Agreement.

Recitals

I. The Members are joining together, as Members of a limited liability company (“Company”) formed pursuant to the Alaska Limited Liability Company Act (“Act”) under the name ALASKA MARINE PILOTS, LLC, to operate as a regional marine pilot organization within the meaning of Alaska Statute 08.62.175. The purpose of the organization is to promote a safe, efficient, reliable, and professional system of marine pilotage within the Western Alaska Region. To that end, the Members of the Company shall

- A. Adopt and maintain a fair, equitable, and nondiscriminatory dispatch system of pilotage for the entire Western Alaska Region, and retain records of those dispatches;
- B. Adopt and revise rates for the provision of pilotage services by Members and Associate Members of the Company;
- C. Operate or participate in a training program for pilots and deputy pilots who are Members or Associate Members of the Company or for prospective members needed to supplement the Company membership and ensure fair and equal access to the qualifying experience necessary to obtain or upgrade a pilot’s license;
- D. Cooperate with and assist the Alaska Board of Marine Pilots and the marine pilot coordinator in implementing Alaska Statute 08.62 and lawful regulations promulgated thereunder;

E. Respond to and comply with all lawful requests, inquiries, audits, investigations, and directives of the Alaska Board of Marine Pilots and the marine pilot coordinator pursuant to Alaska Statute 08.62 and lawful regulations promulgated thereunder;

F. Own, manage, develop, lease, operate, and otherwise deal in real and personal property of every kind or description, whether directly by the Company or through one or more subsidiaries;

G. Provide such services to its Members as may be agreed upon by the Members pursuant to this Agreement; and

H. Maintain fair procedures for the conduct of internal organizational business. The Company shall comply with all applicable state, federal, and local laws, and shall conduct its business activities in a nondiscriminatory and lawful manner. The Company acknowledges the authority of the Alaska Board of Marine Pilots, upon proper notice and hearing, to suspend or revoke its recognition of the Company for failure to comply with applicable provisions of Alaska Statute 08.62 and lawful regulations promulgated thereunder. Nothing in this Operating Agreement shall be construed as altering in any way the status of each Member or Associate Member as an independent contractor as specified in Alaska Statute 08.62.163.

II. To provide for the division of profits, management of the Company, restrictions upon disposition of Company interests, plus various other matters relating to their common interests, the Members desire to reduce their understanding to writing.

NOW THEREFORE, IT IS AGREED,

I. Name, Project. The Members hereby form a limited liability company pursuant to the Act under the name “Alaska Marine Pilots, LLC” to operate as a regional marine pilot organization within the meaning of Alaska Statute 08.62.175, and own, manage, develop, lease, operate and otherwise deal in real and personal property of every kind and description in connection therewith. It is the intent of the Members that the Company be operated in a manner consistent with its treatment as a partnership for federal and state income tax purposes. This Agreement shall constitute the Company’s “Operating Agreement” under the Act. It is the intent

of the Members that the provisions of this Operating Agreement shall apply in lieu of any conflicting provisions of the Act unless a contrary interpretation would better preserve the tax treatment of the Company as a partnership.

III. Term. The term of the Company shall begin as of the date the Articles of Organization are accepted for filing by the State of Alaska, and will continue until terminated as herein provided. The Company shall not function as a regional marine pilot organization within the meaning of Alaska Statute 08.62.175 until approved by the Alaska Board of Marine Pilots.

IV. Income and Expenses.

A. The Members and Associate Members of the Company shall pool their income for the purpose of paying expenses of dispatching and other services for efficient pilotage as the Members may agree pursuant to this Operating Agreement. The net operating income shall then be distributed to each Member or Associate Member in the following manner:

1. A Member's or Associate Member's allocated ordinary income shall be determined by the total number of days that Member or Associate Member is available for dispatch in the service area, without respect to the Member's or Associate Member's actual piloting activities "Work Days". For the purpose of accepting a pilot assignment from the Company in an area in which the Member or Associate Member is licensed, "in the service area" shall be defined in the Company's Policy Manual.

2. The Associate Member Pilot Day Rate shall be the net income of the Company of each calendar year through November 30 divided by the total of Work Days for the calendar year through November 30 and multiplied by .75. An Associate Member's allocated ordinary income shall be the Associate Member Pilot Day Rate multiplied by the number of Work Days of the Associate Member for the entire year.

3. A Member's allocated ordinary income shall be the net income of the Company, divided by the total number of Work Days of all Members and

multiplied by the number of Work Days of the Member.

4. All billing and collection of fees for pilotage service provided by Members or Associate Members of the Company shall be done by and in the name of the Company, and not by or in the name of any Member or Associate Member.

5. Distribution of income shall be made to the Member or Associate Member after money becomes available for distribution. Until the total amount of money due a Member or Associate Member is available, each Member or Associate Member shall be entitled to an equitable partial distribution in such amount(s) and at such time(s) as the ~~secretary~~/treasurer, subject to oversight of the Board, shall determine. All partial distributions shall be deducted from the total amount due the Member or Associate Member.

6. Except as otherwise provided in this Agreement (including, as provided above for the distribution of ordinary income), or as determined by the Members, the income, expenses, and distributable cash and assets of the Company shall be divided and borne so that each Member has an equal share in such income, expenses, and distributable cash. Associate Members' participation shall be limited to ordinary income. Each Member's interest in income, expenses, and distributable cash shall be an Economic Unit, and shall be referred to as a "Unit." Ownership of a Unit alone does not bestow a right to vote.

B. Net Profits. The terms "net profits" and "net losses" shall mean the net profits and losses of the Company as determined for federal income tax purposes by the certified public accountant servicing the Company account (hereinafter its "Accountant").

V. Capital.

A. Initial Contribution. Concurrently with the execution of this Agreement, each Member has contributed to the capital of the Company all of his right, title, and interest in the assets of the Alaska Marine Pilots & Dispatching Service, an unincorporated association, as further set forth on Exhibit A, attached hereto and by this reference made a

part hereof.

B. Withdrawal of Capital. A separate capital account will be maintained for each Member. No Member shall withdraw any part of its capital account without the written consent of all of the other Members, or unanimous action by all Members at a duly noticed meeting of the Members.

C. Call for Funds. The Members recognize that on occasion the income produced by the Company's properties may be insufficient to pay the operating costs of the Company and its properties. If in the judgment of the Members holding two-thirds of the votes in the Company, each acting in his sole discretion, additional funds are required to pay such operating costs, the additional funds shall be called for by a vote of two-thirds or more of the Members. Prior to such call, all Members shall be required to restore their capital accounts so all capital accounts are equal. Additional capital will be contributed by the Members in equal amounts. Each Member will make his capital contribution within 30 days of notice of the call or be in default without further notice. As used above, the term "operating costs" shall include without limitation: principal and interest payments on Company loans, whether or not secured by mortgages on Company properties; costs of repair, maintenance, and improvements; insurance premiums; and real estate taxes, assessments, and other governmental charges.

1. Contributions for Defaulting Members. If any Member is unable or unwilling to make any or all of his proportionate contribution, then the remaining Members who are able and willing to do so may make a contribution in excess of their proportionate share, in such amounts as they may agree among themselves. If they are unable to agree, each Member who is able and willing to make a contribution shall have the primary right to contribute that portion of such excess equal to their share of the profits and losses of the Company and a secondary right to contribute any remaining portion of such excess which is not desired to be contributed by any other Member in the exercise of his primary right. If there is more than one Member desiring to exercise secondary rights, they shall be entitled to contribute the remaining portion of such excess in the same proportion as stated above with regard to their primary rights.

2. Contributions by Non-Defaulting Members. Any Member who makes a contribution to the Company for a defaulting Member will treat the contribution as a loan to the defaulting Member.

a) Loan Terms. When the loan is made to the defaulting Member, then no adjustment shall be made to the contributing Member's capital account, and his share in the profits, losses, and cash flow of the Company shall remain the same. However, the capital account of the defaulting Member shall reflect the amount of the loan. The amount advanced by the Member on behalf of the defaulting Member shall be a debt of the defaulting Member to the contributing Member and shall bear interest at a rate equal to the greater of 10.5%, or the prime rate of the First National Bank Alaska on the date of the loan plus 3% (with the rate so determined to be applicable thereafter to the amount owed regardless of subsequent changes in the prime rate) or the greatest amount allowed by law if less than the above. Thereafter, at least twenty percent (20%) of all distributions of cash from the Company due to the defaulting contributing Member (regardless of the reason for the distribution) shall be paid to the

Member (or pro rata to the Members) who have made loans, until such time as the principal and interest of the loan(s) are paid in full.

b) Due Date/Default. The loan shall be due within 360 days from the date of making it. If the amount is not repaid when due, then the Company shall have the right to purchase the Unit of the defaulting Member at a price equal to the fair market value of the Member's interest, or his capital account, whichever is less, and the interest shall continue to accrue until time of closing. If the defaulting Member's capital account is negative, the price will be the lesser of fair market value, or the value of the defaulting Member's Unit based on the book value of the assets and liabilities of the Company as determined by the Company's Accountant. The purchase price shall then be applied to repay the loan plus interest, then to the defaulting Member. If an interest is purchased pursuant to this subsection, it shall be eliminated. The purchase of the defaulting Member's Unit shall terminate the defaulting Member's interest in the Company. Such purchase shall extinguish any deficiency on the loan.

c) Fair Market Value/Closing. In the event the Members are not able to determine the fair market value by agreement between themselves, then such value shall be determined as set forth in Section XII(C)(3)(c).

d) Terms. The purchase price shall be paid in 4 equal semi-annual installments, together with interest from closing at the rate of 8%, with payments commencing the date of closing, unless the parties shall mutually agree on other terms, on a principal declining basis. If the Company does not elect to purchase the interest of the defaulting Member, then the defaulting Member shall remain a Member and the provisions of Paragraph IV(C)(2)(a) above regarding repayment from the Member's distribution shall continue to apply.

e) Interest. No interest shall be paid to the Members on the initial

contributions to the capital of the Company or on any subsequent contributions of capital or retention of earnings.

VI. Qualifications for Membership and Removal.

A. Qualification. Membership in the Company is open, subject to the membership application and approval provisions in this Operating Agreement, to all persons (including individuals incorporated as professional corporations) licensed under AS 08.62 to pilot vessels in the pilotage region in which the Company is recognized. On admission to membership every new Member shall acknowledge in writing that he or she has read the articles, Operating Agreement, and Policy Manual of the Company and agrees to be bound thereby. Admission to and expulsion from membership shall be as set forth in this Operating Agreement. The articles, Operating Agreement, and rules of the Company shall be applied in a uniform, nondiscriminatory, and lawful manner to all marine pilots and deputy marine pilots licensed under Alaska Statute 08.62 and lawful regulations promulgated thereunder, as well as to all members and applicants for membership. All Members and Associate Members must be licensed as required by AS 8.62.080, and as amended.

B. Founding Members. All members of Alaska Marine Pilots & Dispatching Service, an unincorporated association, on the date that the Alaska Board of Marine Pilots recognizes the Company as a regional marine pilot organization shall become members of the Company. Each founding member of the Company shall be deemed to have paid his initial capital contribution to the extent he has paid such fee to the Company's predecessor organization.

C. Admission Procedure.

1. Applicants for membership shall apply to the Company in writing and shall provide to the Member designated by the Company to accept applications a certified copy of his or her federal pilot license and marine pilot or deputy marine pilot license issued by the State of Alaska authorizing the applicant to perform marine pilotage services in the Western Alaska Region. Before being considered

for membership in the Company, an applicant must hold Unlimited federal pilotage for the entire Western Region and at a minimum a State of Alaska deputy marine pilot license as set forth in Alaska Statute 08.62.093. An applicant must agree in writing to be bound by the Articles, Operating Agreement, and Policy Manual of the Company.

2. If an applicant is otherwise qualified for membership in the Company, the Membership shall determine whether to accept the applicant as a new Member. The Company by vote of two-thirds or more of the Members may admit a new Member. In making this determination, the Membership shall consider the qualifications and the background of the applicant as well as whether there is a need for a new Member based upon the stated policy of ensuring that Members of the Company be provided with the opportunity for fair and equitable dispatch each year in the region.

3. A new Member's rights as a Member shall be evidenced by a consent signed by the Board of Directors evidencing that a properly noticed vote was taken and the Members approved admission of a new Member by the required vote. A Removal of a Member shall be evidenced in the same fashion.

4. Upon admission, a new Member shall pay a **[Operating]** Capital Contribution, shall purchase a Unit from the Company, **[and shall pay a non-refundable Initiation Fee to the Company]**.

a) The **[Operating]** Capital Contribution to be paid by a new Member shall be set forth in the Policy Manual. The **[Operating]** Capital Contribution shall be paid in full under terms set forth in the Policy Manual.

b) If the Company does not currently hold an existing Unit, the Company will create a new Unit. Upon the creation of additional Units, in addition to the original Units authorized by this Agreement, each Unit will be modified so that all Units shall have an equal pro-rata interest in the profits,

losses, and distributable cash flow of the Company. The price to be paid to the Company for a Unit shall be the fair market value as determined under Section XIII(C)(3)(c) and under the procedures set forth therein, however there shall be no minority discount, the net value shall be divided by the total number of outstanding units, and the purchase price shall be paid in full at the time of the new Member's entrance into the Company. The Company shall allocate the **[Operating]** Capital Contribution and purchase price to such accounts (including accounts of subsidiaries) as advised by the Company accountant.

c) [A new Member shall pay a non-refundable Initiation Fee to the Company of \$100,000.00.]

D. Corporate Membership. An individual incorporated as a professional corporation is eligible for Membership in the Company under the following terms and conditions:

1. The corporation must be organized and existing under the laws of one of the states of the United States of America;
2. The corporation must be owned one hundred percent (100%) by an individual who is otherwise eligible for Membership in the Company; and
3. The corporation must maintain a legally enforceable prohibition in either or both its articles of incorporation or bylaws against the employment by the corporation of any person other than its sole owner for rendering marine pilotage services.

A corporate Member shall be entitled to vote only to the extent of the voting rights held by its owner. Any individual Member of the Company may convert to a corporate membership provided that all requirements of this paragraph are met. All corporate Members shall submit to the secretary/**treasurer** of the Company a copy of the corporation's current articles of incorporation, certified as true by an official authorized by the state of incorporation to do so, and a current certificate of good standing from the secretary of the corporation. The secretary/treasurer of the Company may at any time demand and receive from a corporate

Member updated documentation respecting the corporation's articles, bylaws, and certificate of good standing.

E. Removal. Any Member who does not meet the Qualifications set forth in Section V(A) shall receive 60 days notice to cure the default. If the default is not cured the Member shall be removed and the Company shall purchase the Unit of the defaulting Member under the procedures as set forth in Sections XII(C)(3).

F. Associate Members. The Company may from time to time accept one or more Associate Members. Associate Members shall be qualified pilots who do not work on a full time basis and are not "Members." Associate Members are not entitled to vote on Membership matters and are not eligible for officer positions. An Associate Member shall be someone who otherwise meets all of the qualifications for Membership, but either (1) does not wish to be available for dispatch on a full time basis; or (2) is ineligible for Membership solely because, in the determination of a majority of the Members there is not sufficient work to admit a new Member and preserve the stated policy of ensuring that Members of the Company be provided with the opportunity for fair and equitable dispatch each year in the region. If the Company may admit a new Member and preserve its policy of ensuring that Members of the Company be provided with the opportunity for fair and equitable dispatch each year in the region and there is at least one applicant for Membership, the Company shall admit a new Member rather than admit the applicant as an Associate Member. Associate Members are not guaranteed any work.

VII. Termination of Member's Interest.

A. A Member shall provide not less than thirty (30) days' written notice to the President and the Board of his or her intent to resign or retire from the Company. Effective thirty (30) days after such notice is received or on the effective date of the notice, whichever is later, or after the death of a Member, the Member shall be removed from the Membership list by the secretary/treasurer. A notice of intent to resign or retire may be withdrawn in writing at any time prior to the Member's removal from the Membership list.

B. If a Membership is terminated by resignation, retirement, death, or expulsion as provided by XII(C)(2), then, except as otherwise agreed between the Member and the Company, the Member or the Member's heir(s) shall receive within a reasonable time not to exceed six (6) months a sum of money representing seventy five percent (75%) of the Member's earned but undistributed income with the final balance to be distributed in the first quarter of the following year. Such payment shall be without interest. The Company shall also initiate appropriate procedures as set forth in this Operating Agreement to either purchase the Member's interest in the Company or dissolve the Company.

VIII. Termination for Cause.

A. The President or a majority of the Board may suspend the Membership of any Member for cause upon three (3) days' written notice and of any Associate Member at any time. If possible, such notice shall be hand-delivered to the suspended Member or Associate Member in person by an officer or director; if personal delivery is not possible, then notice shall be given by telecopier and certified mail, return receipt requested, addressed to the Member or Associate Member at any location where he is known to be, with a copy mailed (and telecopied, if possible) to his most current address of record. Notice of the Member's or Associate Member's suspension shall be provided to all Members by the most expeditious and effective means possible as determined by any officer or director.

B. "Cause" includes, but is not limited to, any of the following:

1. Revocation of any required federal or state license for any reason, or suspension of any such license for more than 180 days;
2. Any violation of the Alaska Marine Pilotage Act and/or the regulations promulgated thereunder that adversely affects the safety or welfare of any person, property, or the environment to a significant degree;
3. Any violation of the articles, operating agreement, and/or work rules of the Company that adversely affects the safety or welfare of any person, property, or

the environment to a significant degree;

4. Any failure to report to the President and the Board any violation of any applicable state or federal pilotage law by that Member or Associate Member or by another Member or Associate Member, if such violation is required by law to be reported to any government agency or authority;

5. Misrepresentation about any license required to be held by the Member or Associate Member to render marine pilot services in the Western Region;

6. Charging or attempting to charge for pilotage fees in violation of this Operating Agreement, the Company's current working rates, or the maximum rates set by the Alaska Board of Marine Pilots;

7. While on scheduled dispatch, refusing a piloting assignment from the dispatcher for any reason other than inability to perform the assigned services safely and competently.

C. A Member so suspended shall be removed from active dispatch and may not vote.

D. Any Member or Associate Member whose membership is suspended hereunder shall have the right to appeal to the entire Membership for review of the Board's decision. Written notice of any such appeal shall be filed with the President in writing not later than thirty (30) days following suspension. The notice of appeal shall state the basis for the appeal. The notice of appeal shall be communicated to the entire Membership immediately by the most expeditious means available together with a written statement from the president or Board setting forth the reasons for suspension. A special meeting of the Membership shall be convened to consider the appeal as soon as possible, but in no event later than five (5) business days after the President's receipt of the appellant's notice of appeal, unless the appellant shall agree in writing to an enlargement of that period. The appellant shall be entitled to submit evidence and argument in any form to the membership. Any Member may present evidence and argument in any form to the Membership.

E. The Membership shall rule on the appeal as soon thereafter as reasonably possible, but in no case later than fourteen (14) days plus holidays after the appeal. The appeal shall be rejected if two-thirds (2/3) of the total votes held by the entire Membership are cast in favor of the suspension. The suspended Member or Associate Member shall be immediately terminated. If fewer than two-thirds (2/3) of the total votes held by the Membership are cast in favor of suspension and termination, then the suspension shall be immediately lifted and the appellant restored to his Membership status prior to the suspension (full active Membership status or Associate Membership status). A successful appellant Member shall receive full credit for any pilot days he would have earned had he not been suspended. Associate Members shall not be entitled to any credit for days not worked due to a suspension.

F. The vote shall be by written ballot, and shall be final. The appellant may request an open roll call vote to verify the tabulation of the written ballots.

G. If the suspended Member or Associate Member does not appeal his suspension as provided herein, the Member's or Associate Member's membership shall be terminated automatically upon the expiration of the appeal period.

H. Upon termination, the President shall promptly inform the Alaska Board of Marine Pilots in writing of the termination.

I. Any Member or Associate Member terminated hereunder shall be entitled to reapply for membership as a new Member or for Associate Member status upon satisfying a majority of the Board that the reason for termination has been cured and that the applicant is fully qualified under law to work as a marine pilot in the Western Alaska Region.

IX. Cooperation with Alaska Board of Marine Pilots. Each Member and Associate Member shall cooperate with all lawful investigations and audits of the Alaska Board of Marine Pilots and the marine pilot coordinator, and shall respond to all lawful inquiries and requests of the Alaska Board of Marine Pilots and the marine pilot coordinator. Every Member and Associate Member shall bring to the attention of the President of the Company any credible information regarding a

Member or Associate Member that might require the Alaska Board of Marine Pilots to act under AS 08.62.150 to AS 08.62.155. The Company shall maintain a system that enables it to obtain necessary information from Members and Associate Members on a timely basis and to respond to directives issued by government agencies having jurisdiction over pilotage.

X. Allocation of Work. It is the policy of the Company to allocate work on the basis of fair and equitable dispatch for all Members. The Board of Directors shall have the authority to establish by resolution a system for allocating work assignments on the basis of fair and equal dispatch. The dispatch system established by the Board of Directors shall be applied uniformly and without discrimination to all Members of the Company.

XI. Promotion of Safety. The Company shall promote safe, reliable, efficient, and professional marine pilotage in the Western Alaska Region and the State of Alaska. To that end, the Company shall comply with all requirements of the laws of the State of Alaska and the United States, and shall assist the Alaska Board of Marine Pilots in accomplishing the objectives of the Alaska Marine Pilotage Act. The Members and Associate Members of the Company shall participate in a lawful random drug or alcohol testing program approved and required by the Alaska Board of Marine Pilots.

XII. Training. The Company shall operate or participate in a training program approved by the Alaska Board of Marine Pilots for pilots and deputy pilots, who are Members or Associate Members of the Company, or for prospective members as needed to supplement the Company membership. The Board of Directors of the Company may by resolution adopt a reasonable schedule of fees for training services provided by the Company sufficient to pay the expenses of the Company and its Members in providing such services. The Company shall ensure fair and equal access to the qualifying experience necessary to obtain or upgrade a pilot's license. The Members and Associate Members of the Company shall participate in any continuing education program required by the Alaska Board of Marine Pilots.

XIII. Restrictions on Transfer.

A. Securities Exemption. The Members wish to form this Company pursuant to the securities exemptions set forth in AS 45.55.900(b)(5)(A) and federal securities law,

Regulation D (17 C.F.R. §§ 230.501-230.508). Each Member acknowledges that:

1. No commissions or other remuneration were paid for a solicitation to participate in the Company;
2. Each Member agrees that a legend shall be placed on the certificate or other document evidencing ownership of his/her/its membership interest, stating that the security is not registered under AS 45.55.900, and cannot be resold without registration under AS 45.55.900 or exemption from it;
3. There has been no public solicitation or advertisement offering Membership in the Company;
4. The Company will file the appropriate filings to comply with AS 45.55.900(b)(5)(A) and Regulation D.
5. Each Member acknowledges that the Membership interests cannot be resold without registration or exemption under both Alaska and federal securities laws.

B. Except as otherwise specifically provided for in this Agreement, no Member shall, except with the written consent of all the other Members (which consent may be granted or withheld in their sole discretion), assign, mortgage, grant a security interest in, or sell all or any part of Unit, or enter into any agreement as a result of which any other party(s) shall become interested in the Company, nor do any act detrimental to the best interest of the Company, or which will make it impossible to carry on the affairs of the Company. An unpermitted assignee shall have no right to the assignor's Unit. The Members intend that a non-permitted transfer of an interest in the Company shall not cause a dissolution of the Company.

C. Sale or Transfer of Company Interest.

1. Sale of Interest in Company is Prohibited. No Member of the Company

may voluntarily transfer his interest in the Company to any other party. All transfers of interests in the Company must be between the Company and a new or departing Member.

2. Death, Incompetency, Insanity, Permanent Disability, or Bankruptcy of a Member. The Company will not be dissolved automatically by the death, incompetency, insanity, permanent disability, or bankruptcy of a Member. “Incompetency” and “Insanity” as used in this Agreement shall be as determined by an order by a court of competent jurisdiction that a Member is incompetent to manage the Member’s person or property or otherwise insane. A Member who is incompetent, insane, bankrupt, permanently disabled, or deceased (or his appropriate representative) shall notify the Company in writing of the event and the date of the event. In the absence of such notice, the other Members may give notice to the incompetent, insane, bankrupt, permanently disabled, or deceased Member or Member’s representative who shall either give written assurances within thirty (30) days that such event has not occurred, or notice shall be deemed given of an intent for compulsory sale. Upon the giving of such notice, the compulsory sale provisions shall apply.

3. Compulsory Sale of Member’s Interest. Upon the receipt of notice under Section XIII(C)(2) of death, incompetency, insanity, permanent disability, or bankruptcy, or upon a decision to purchase under Section VI(B) or otherwise, the remaining Members shall meet and upon an affirmative vote of two-thirds of the Voting Members (other than the Member affected), the Company may elect to purchase the interest of the deceased, incompetent, insane, permanently disabled, bankrupt or otherwise terminating Member.

a) Fair Market Value. If election to purchase such interest is made, then the remaining Members and the withdrawing Member or representative of the deceased, incompetent, insane, permanently disabled, or bankrupt Member shall agree on a fair market value of the interest to be purchased in accordance with this Agreement and, if they cannot agree on

a value, they shall appoint an appraiser, to appraise the fair market value of the Unit to be purchased, and will otherwise follow the appraisal and arbitration procedures set forth in Section XIII(C)(4).

b) Determining Date. Such appraisal or agreement as to fair market value shall be a determination as of the last day of the month in which the Member died, or became bankrupt, permanently disabled, insane, or incompetent, or gave notice of intent to withdraw after which the Company gave notice of the intent to acquire the withdrawing Member's Unit, and from and after such date such Member or representative shall be allowed or charged with no profit or loss from the Company business and shall not be regarded as a Member, but rather shall be entitled to receive only the purchase price.

c) Fair Market Value Formula. In the determination of the fair market value for all purposes under this Agreement, all fixed assets of the Company shall be included, no value shall be placed on the Company's goodwill, and all liabilities of the Company shall be deducted, so that net value only is considered. The net value shall then be divided by the total number of outstanding Units in the Company. There shall then be deducted from the interest to be purchased any obligation of the withdrawing, deceased, bankrupt, permanently disabled, insane or incompetent Member to the Company, and this final figure shall be the preliminary purchase price. Unless otherwise agreed, the purchase price shall be evidenced by a promissory note of the Company or of the purchasing Member secured by the assets of the Company, and payable in four (4) equal semi-annual installments, including interest from the date of valuation at the variable rate of Prime rate plus one percent per year adjusted on January 1 of each year. Payment of the first semi-annual installment shall be made within thirty (30) days after determination of the purchase price. The Company may prepay any part or the entire note

without penalty. If the Purchase price equals or exceeds \$25,000 [\$75,000], then the term of the note shall be three years. If the Purchase Price equals or exceeds \$50,000 [\$150,000], then the term of the note shall be five years. ~~If the Purchase Price equals or exceeds \$100,000, then the term of the note shall be 10 years.~~ Payments will still be made on a semi-annual basis for these extended terms.

4. Appraisal.

a) Valuation shall be by appraisal as set forth in Section XII(C)(3)(a). The cost of the appraisal will be shared pro rata by the number of Units withdrawing and the number of Units remaining with the Company. If the parties do not agree on one appraiser, then the Company and the withdrawing Members shall each hire at their own expense their own appraiser.

b) If the appraisers cannot agree on a fair market value for each Unit, then the two appraisers will select a third appraiser. Each side will propose a best last price to the third appraiser in writing. The third appraiser will select between the last best sales price each side has offered as the sales price. The party whose price is not chosen shall pay the expense of the third appraiser.

c) The valuations of the single appraiser, if one is mutually selected, or the third appraiser, if a fair market value amount otherwise is agreed upon, shall be conclusive and enforceable as an arbitration award under the Alaska Arbitration Act.

d) Any party may submit this process to the American Arbitration Association (AAA) to manage the valuation process and the costs of the proceeding shall be awarded in favor of the prevailing party. The party seeking AAA supervised arbitration shall pay the initial filing fees, subject

to award in favor of the prevailing party.

e) If the number of Members electing to withdraw make the purchase of their interest economically impracticable, then without breach of this Agreement, the Members may elect to dissolve upon the agreement of Members holding two-thirds (2/3) of the non-withdrawing Voting rights in the Company.

XIV. Termination.

A. The Company shall dissolve and commence winding up and liquidating upon the first to occur of the following (“Liquidating Events”): (a) The written agreement by Members holding two-thirds (2/3) of the voting rights in the Company to dissolve, wind up, and liquidate the Company; or (b) The happening of any other event that makes it unlawful or impossible to carry on the business of the Company.

B. The Members hereby agree that the Company shall not dissolve prior to the earlier occurrence of a Liquidating Event or the term of the Company. If it is determined, by a court of competent jurisdiction, that the Company has dissolved prior to the occurrence of a Liquidating Event, the Members hereby agree to continue the business of the company without a winding up or liquidation.

C. Upon dissolution of the Company, the Company shall immediately be dissolved and liquidated under the terms of this Agreement and the Alaska Limited Liability Company Act, and the assets of the Company business shall be used and distributed in the following order:

1. To pay or provide for the payment of all Company liabilities and liquidating expenses and obligations, and
2. To then disburse the balance of the capital accounts of the Members, and
3. Thereafter, to the Members equally.

D. Title to real and personal property shall be held in the name of the Company or of an approved subsidiary. Document to convey title to property is effective upon the signatures of all Members of the Board of Directors.

XIV. Applicability of Agreement to Transferees. This Agreement shall apply to the interest and to any persons who acquire a Unit in the Company, whether by voluntary transfer, levy, attachment, as a result of transfer at death, bankruptcy, incompetency, or otherwise, and such successor or transferee shall execute a counterpart of this Agreement, even if he is not a permitted assignee. Such transferees must recognize that it is the intent of the parties to this Agreement that no membership interest remain with a non-member for any longer than necessary to follow the procedures set forth in this Agreement for the Company to either acquire the interest or dissolve.

XV. Management.

A. Board of Directors. The Company shall be managed by a Board of Directors, which shall constitute a Manager.

B. Composition and Term of Board of Directors. The Members of the Company shall elect a Board of Directors consisting of five (5) Members, two of whom shall be the president and vice-president of the Company. The secretary and treasurer of the Company shall attend all Board meetings, if possible, and in all cases shall attend if either the President or Vice President is unavailable. As an alternate member of the Board, the Secretary/Treasurer shall have full voting rights as a member of the Board if, and only if, either the president or vice-president is unable to attend. The Board shall conduct the business activities of the Company as prescribed in this Article XV of this Operating Agreement. The term of office of the members of the Board shall be two (2) years. One (1) non-officer director position shall stand for election in even-numbered years and two (2) non-officer director positions shall stand for election in odd-numbered years. Any member in good standing of the Company is eligible to serve on the Board of Directors.

C. Officers. The officers of the Company shall be the President, the Vice-President, the Secretary, and the Treasurer. Each officer shall hold office for a term of one (1) year.

Officers shall be elected at the annual meeting of the membership. Any Member in good standing is eligible to serve as an officer.

D. Nomination and Election. Directors and officers shall be nominated and elected in the same manner. Regular elections to fill these positions as they become vacate pursuant to this Operating Agreement shall take place each year at the annual membership meeting, according to the procedures set forth in the Policy Manual.

E. Board Meetings.

1. Regular Meetings. The Board shall hold meetings as required, to conduct business of the Company. The Policy Manual shall set forth the procedures by which such meetings shall be held, in accordance with this Operating Agreement.

2. Quorum. Three (3) members of the Board shall constitute a quorum. Board members may not vote by proxy. In the event of a tie, the secretary-treasurer may vote in order to break the tie, unless the secretary-treasurer is sitting as a member of the Board due to the absence of the president or vice-president. In the event of a tie while the secretary-treasurer is sitting as a member of the Board, the issue shall be tabled until the absent officer (president or vice-president) is able to vote on the issue, at which point a new vote shall be held.

F. Authority and Duties of the Board. The Board of Directors shall have general day-to-day administrative authority to make deposits, pay bills previously approved, be available for tenant communications, and advise the other Members of business decisions needing Company consideration, and shall perform the duties described below. The actions of the Board of Directors shall have the same power and effect as a Managing Member under the Act, and may be relied upon by third parties as the authorized actions of the Company without further proof. The Board shall have the authority and duty to:

1. Call special meetings of the membership if necessary in the interests of the Company.

2. Approve for payment all non-routine operating expenses not exceeding Five Thousand Dollars (\$5,000.00) in any one expenditure.
3. Retain legal counsel for advice regarding appropriate matters, and one or more persons to represent the Board in legislative and regulatory matters. The Board shall have primary responsibility for establishing the policies and objectives of the Company respecting legislative and regulatory matters.
4. Employ, discharge, establish salaries, set vacation terms and entitlements, and generally regulate and administer the working hours of any non-pilot employees of the Company.
5. Investigate allegations of any violation of the Marine Pilotage Act by a member and, if deemed necessary, submit a report of the same to the membership.
6. Authorize the President, or his designee, subject to the concurrence of the Board, to sign leases, charters, mortgages, notes, contracts or other legal documents that may be necessary for operation of the Company. Prior to incurring any such obligation in excess of Five Thousand Dollars (\$5,000.00), the Board shall first obtain the approval of a majority of the total votes of the Membership.
7. Establish and maintain one or more bank accounts in the name of the Company, and authorize members and certain employees of the Company to sign checks drawn on such accounts on behalf of the Company.
8. Supervise the maintenance of real and personal property, equipment, supplies, files, and business records of the Company.
9. Adjudicate any controversy that may arise under the Policy Manual.
10. Consistent with Section XV(E) of this Operating Agreement, hold meetings as required to conduct the business affairs of the Company and to consider all other matters properly coming to their attention concerning the welfare of the Company.

11. At its discretion, establish standing or ad hoc committees to accomplish designated objectives consistent with this Operating Agreement. Such committees shall not have authority to act independently of the Board, but shall report to and advise the Board respecting action to be taken by the Board in the interest of the Company. Each such committee shall regularly report to the Board on its activities.

12. Report to the Membership at the regular Membership meetings concerning the affairs and condition of the Company, and submit questions to the Membership for decision as provided in these bylaws.

13. Perform such other and additional duties as may be required by this Operating Agreement or by the Membership, including but not limited to taking action on behalf of Company Subsidiaries.

G. Duties of the President. It shall be the duty and authority of the President to:

1. Preside at all Membership meetings.

2. Subject to oversight by the Board, and except as otherwise reserved to the Members by this Operating Agreement, enter binding agreements on behalf of the Company. No other Member or group of Members shall undertake to bind the Company in any agreement, written or oral, except by authority delegated by a resolution of the Board or the Members as whole, pursuant to this Operating Agreement.

3. Subject to oversight by the Board, supervise the business affairs of the Company, supervise operations of the main business office and pilot stations of the Company, supervise dispatching operations and facilities, supervise billing and collection for pilotage services, and undertake public and customer relations. The President shall make regular reports on these and other relevant matters to the membership.

4. Subject to oversight by the Board, represent the Company as spokesman in business dealings with ship owners, ship operator agents, regulatory agencies, the general public, and any other persons having business with the Company or its Members. Subject to the approval of the Board, the president shall have the authority to appoint other Members to perform these duties at his or the vice-president's direction.
5. Request the Board to schedule special meetings of the Board if necessary in the best interests of the Company.
6. Report to the Board respecting all matters bearing on the affairs and condition of the Company, including legislative and regulatory matters.
7. Maintain a current list of all Members of the Company, including current mailing addresses, telephone numbers, telecopier numbers if applicable, and the names, addresses, and telephone number of at least one emergency contact for each Member. Current Membership lists shall be available at the main business office and at all pilot stations of the Company.
8. Supervise and ensure maintenance of current and complete files of the business records of the Company, including but not limited to (1) all correspondence to and from the Company and of all notices, communications, and other internal correspondence of the Company; (2) all financial records of the Company; (3) records of all dispatching activities and work assignments, including invoices and receipts. Such files shall be maintained at the Company's main business office and shall be available for inspection and copying by any Member of the Company upon request.
9. Report to the Membership at regular Membership meetings respecting the affairs and condition of the Company, and ensure that issues are presented to the Membership for decision as provided in this Operating Agreement.
10. Ensure that the Company obtains on a timely basis all necessary

information and directives issued by governmental agencies having jurisdiction over pilotage, by ensuring that the Company's current mailing address is on file with the Alaska Board of Marine Pilots and the U.S. Coast Guard at all times, and that the Company is on all applicable mailing lists of the Board and the Coast Guard.

11. Ensure that the Company on behalf of its Members responds promptly to all appropriate inquiries and requests of the Alaska Board of Marine Pilots and the Coast Guard.

12. Ensure that the Company and its Members cooperate with all lawful investigations and audits of the Alaska Board of Marine Pilots.

13. Ensure that the Company brings to the attention of the Division of Occupational Licensing, State of Alaska, any credible information that may require the Alaska Board of Marine Pilots to act under AS 08.62.150-.155.

14. Encourage and maintain a relationship with other marine pilot organizations that furthers the purposes of the Alaska Marine Pilotage Act.

15. Perform such other and additional duties as may now or hereafter be required by this Operating Agreement or by resolution of the Board or vote of the Membership.

H. Duties of the Vice-President. It shall be the duty and authority of the Vice-President to:

1. Preside at all meetings of the Membership if the president is unable to do so.

2. At the direction of the Board, assume the duties of the President if the President becomes incapacitated, or resigns from or is terminated from the Company, during his or her term of office. In that event, the Vice-President shall serve as President Pro Tem until the next regularly scheduled election of officers,

or in the case of incapacity of the President, until the President is able to resume his or her duties as President.

3. Establish proposed work rotations for the members of the Company as provided in Article XVIII of this Operating Agreement.

4. Perform such other and additional duties as may now or hereafter be required by this Operating Agreement or by resolution of the Board or vote of the membership.

I. Duties of the Secretary ~~Treasurer~~. It shall be the authority and duty of the Secretary: ~~/Treasurer to:~~

1. Ensure minutes of all meetings of the Board and the Membership are taken, promptly provide copies of the minutes to be posted in the main business office of the Company, and provide copies of minutes to any Member upon request. The Secretary ~~/Treasurer~~ shall if possible attend, in person, the annual meeting and may attend and participate telephonically at all other meetings.

2. Transmit notices of board meetings and general Membership meetings as required by this Operating Agreement.

3. Ensure that all necessary arrangements are made for telephonic meetings of the Board and the Membership.

4. Verify pilot day equivalents for pilotage and non-pilotage work performed on behalf of the Company.

5. Record all votes of the Membership and supervise retention of all voting records after a vote is completed. If a vote is taken by written ballot, the Secretary ~~/Treasurer~~ shall ensure that the ballot is property prepared, distributed to the Membership, and tabulated.

6. Serve as Vice-President if the Vice-President becomes incapacitated, or resigns or is terminated from the Company, or if the Vice-President must assume the duties of President under this Operating Agreement. In that event, the Secretary ~~/ Treasurer~~ shall also serve as Vice-President Pro Tem until an election to fill the vacated Vice-President position can be held or in the case of incapacity of the President and/or Vice-President, until the President and/or Vice-President resumes the duties established by this Operating Agreement.

~~7. — Serve as the Company's liaison with any accountant or other financial services professional retained by the Company in relation to the financial affairs of the Company.~~

8. Perform such other and additional duties as may now or hereafter be required by this Operating Agreement or by resolution of the Board or vote of the membership.

9. Count all ballots, except for the election of officers and directors, and ensure official notices of the results thereof are posted at the main business office. The Secretary ~~Treasurer~~ may delegate this duty to a pilot Member or a Company employee to satisfy the requirements of this section.

~~10. — Retain a certified public accountant to audit the books and accounts, to advise the Company regarding fiscal and tax matters, to establish the book value of the Company's assets, and to render such services as may be directed by the Board.~~

~~11. — Tender to the Membership a quarterly financial statement except for the fourth quarter for which a year-end financial report shall be issued.~~

J. Duties of the Treasurer: It shall be the authority and duty of the Treasurer to:

1. Serve as the Company's liaison with any accountant or other financial

services professionally retained by the Company in relation to the financial affairs of the Company.

2. Retain a certified public accountant to audit the books and accounts, to advise the Company regarding fiscal and tax matters, to establish the book value of the Company's assets, and to render such services as may be directed by the Board.

3. Tender to the Membership a quarterly financial statement except for the fourth quarter for which a year-end financial report shall be issued.

K. Removal and Replacement of Director or Officer. Any director or officer may be removed from office by vote of two-thirds (2/3) of the Membership. In the event of such removal or in the event of the resignation, retirement, or incapacity of any officer or director, unless otherwise addressed in this Operating Agreement, the President shall appoint a Member to fill the position of such Director or Officer until an election to fill the vacated position can be held.

L. Compensation of Officers and Directors. Officers and directors shall serve without compensation, unless such compensation is approved by a vote of two-thirds (2/3) of the Members at a regular meeting. Compensation may be computed on the basis of pilot day equivalents for non-pilotage work performed on behalf of the Company. In any event, such compensation shall always reflect the fair value of such services to the Company. The Board shall have authority to establish procedures for calculating such compensation, and shall review such compensation at least annually concurrently with the regular meetings of the Membership.

XVI. Authority of the Membership.

A. General. It is the intent of this Article to vest in the Membership the authority to approve all decisions affecting the welfare and business of the Company. It is understood that the duty to make such decisions is entrusted to the officers and directors under this Operating Agreement. The Membership may annul, amend, or supersede any action of an

officer or of the Board by a vote of two-thirds (2/3) of the votes held by the entire Membership. All Board meetings shall be open to the Membership, and at all Board meetings Members shall have an opportunity to bring business to the attention of the Board for its consideration.

B. Annual Membership Meetings.

1. The Membership shall hold an annual meeting, as further specified in the Policy Manual. Failure to hold the annual meeting shall not work a forfeiture or dissolution of the Company.

2. Special meetings of the Membership may be called by the Board as authorized by Section XV(E)(1) of this Operating Agreement. A Board member or the Secretary ~~/ Treasury~~ shall notify the Membership in writing of the time, location and agenda of a special Membership meeting at least three (3) days prior to the meeting. The date and location of the meeting may not be changed except upon vote of the majority of the Board.

C. Limits on Members. Unless specifically approved by vote of two-thirds or more of the Members at a properly convened meeting, no Member other than an Officer or a member of the Board of Directors acting through the Board shall be authorized or empowered on behalf of the Company to borrow or lend money or make, deliver, or accept any commercial paper or execute any mortgage, bond, lease, deed, release, or agreement to purchase or contract to purchase, or sell or contract to sell any property or compromise or release any of its claims or debts, or hire or discharge any person, or obligate the Company. This section does not convey any authority to an Officer or to the Board of Directors that is not specifically set out elsewhere in this Operating Agreement.

D. Certain Acts. Certain actions shall require a special agreement of the Members, which are the following:

1. The purchasing and developing of any new real properties, or of personal property with a cost in excess of \$20,000 -- two-thirds of the Voting Members.

2. The amendment of the Operating Agreement -- two-thirds of the Voting Members.
3. The admission of new Members to the Company -- two-thirds of the Voting Members.
4. Amendment to the Articles of Organization -- two-thirds of the Voting Members.

XVII. Voting.

- A. Introduction. Unless otherwise specified in this Operating Agreement, the procedure for voting shall be governed by this Section and the procedures established in the Policy Manual.
- B. Voting; Quorum. Two-thirds of the entire Membership of the Company at the time of a particular vote shall constitute a quorum. For purposes of establishing a quorum, any Member who votes in writing as provided in these bylaws shall be deemed to be in attendance. Unless otherwise specified in this Operating Agreement or the Policy Manual, all issues shall be decided by a majority of the votes held by those voting at the meeting, provided there is a quorum.
- C. Voting Rights. Every Member in good standing shall be entitled to one vote on any issue presented to the general Membership for decision.

XVIII. Pilot Rotation and Dispatch. At all times, the Company shall maintain an efficient, fair, and nondiscriminatory dispatch system that enables the Company to provide prompt dispatch service of pilots to the entire Western Alaska Region, and retain the records of those dispatches, as established by the Policy Manual.

- A. Dispatch. The responsibility of dispatcher shall be rotated among the Members under the supervision of the President. Pursuant to Section XV(F)(3) of this Operating Agreement, the President shall determine dispatching procedures, define the duties of the dispatcher, and otherwise supervise dispatching operations. The duties of the dispatcher

shall include receiving requests for pilot services and assigning qualified Members or Associate Members to perform the requested services, if qualified Members or Associate Members are available. The dispatcher shall use his best efforts to accommodate requests of the Members relating to dispatch assignments, but shall have final authority in dispatching. A Member or Associate Member may not refuse an assignment of the dispatcher unless the Member or Associate Member is unable to perform the assigned services safely and competently. The sole recourse for a Member or Associate Member who is aggrieved by the decisions and assignments of the dispatcher shall be that provided in this Operating Agreement for consideration of grievances.

B. Requests not to dispatch particular pilots. The Company shall comply with a written request from the master or owner of a vessel, or that person's representative, showing cause to not dispatch a particular Member to pilot to a particular vessel and shall maintain in-house procedures to provide a Member with the right to due process and a fair hearing to contest that action.

XIX. Miscellaneous.

A. Policy Manual. The Members by a vote of two-thirds (2/3) of all Members may from time to time adopt and amend work rules to aid in the dispatch, assignment, rotation, and demeanor of pilots. The Policy Manual shall not conflict with Alaska law or with this Operating Agreement, and in the case of conflict the Policy Manual shall be deemed superseded by applicable Alaska law and/or applicable provisions of this Operating Agreement.

B. Grievance Procedure. If any Member shall be aggrieved by an act or failure to act of any officer or director of the Company, the Member may seek review of that action or inaction according to procedures set forth in the Policy Manual of the Company. At a minimum, the aggrieved Member shall be entitled to an initial review of the grievance by the Board of Directors, and the opportunity to appeal a decision of the Board to the full membership.

C. Notices. Any notices required or permitted to be sent under this Agreement shall

be sent to the parties by facsimile copy, or certified or registered U.S. mail, postage prepaid at the addresses set out in Exhibit B. Such notices shall be deemed received three (3) days after they are sent by mail, or immediately upon a confirmed facsimile transmission.

D. Captions. The captions to the sections of this Agreement are solely for convenience of reference and shall not in any way limit or amplify the provisions hereof.

E. Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors in interest and assigns.

F. Changes, Waiver. This Agreement may not be changed or terminated orally, and no change, termination or attempted waiver of any of the provisions hereof shall be binding unless in writing and signed by the parties against whom the same is sought.

G. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or to the interpretation, breach or enforcement hereof, shall be settled by arbitration in the Municipality of Anchorage, in accordance with the Uniform Arbitration Law of Alaska. Any award made in such arbitration proceeding shall be final, binding and conclusive on the parties hereto for all purposes, and judgment may be entered thereon in any court having jurisdiction thereof.

H. Integration. This document contains the entire agreement upon execution by all parties, and as amended shall be deemed effective on [17th day of January 2020], provided that it is approved in advance of that date by the Alaska Board of Marine Pilots.

I. Construction. All matters pertaining to the validity, construction and effect of this Agreement shall be governed by the laws of the State of Alaska.

STATUTE
&
REGULATION
REVIEW

MEMORANDUM

State of Alaska Department of Law

TO: Board of Marine Pilots DATE: September 30, 2019

THRU: Corissa Hondolero, Director,
Executive Administrator, Board
of Marine Pilots FILE NO.: 2019102389

FROM: Ashley C. Brown TEL. NO.: (907) 269-6600
Assistant Attorney General
Commercial and Fair Business
Section SUBJECT: Re: Questions about 12 AAC
56.960, Duties of Pilots

CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED/DELIBERATIVE PROCESS PRIVILEGED

Questions

1. What guidance and limitation, if any, does 12 AAC 56.960(c) provide regarding a pilot association's desire to dispatch two pilots?

A: Regarding guidance on dispatching two pilots, the regulation 12 AAC 56.960(c) states that two pilots *must* be employed for a non-passenger vessel in a continuous transit of compulsory pilotage waters of Southeast Alaska that is "expected to exceed eight hours." The key word here is "expected." Some trips might not, once completed, have exceeded eight hours in actuality. Such trips would still require two pilots if it was expected the trip would exceed eight hours.

And it might be possible that there could be a situation where a trip not *expected* to exceed eight hours would exceed eight hours, but would not have required two pilots as it was not expected to do so. The word "expected" is not modified with any standard. The word "expected" is defined by Merriam-Webster as "to consider probable or certain."¹ So if it could reasonably be considered probable or certain that a trip is expected to exceed eight hours, two pilots must be dispatched.

Regarding limitations on dispatching two pilots, the regulation does not appear to limit dispatch of two pilots in other instances, but also does not require it.

2. Is 12 AAC 56.960(c) silent regarding responsibility for charges/payment for a second pilot that is dispatched by the pilot organization?

¹ <https://www.merriam-webster.com/dictionary/expecting>.

A: Yes, the provision is silent regarding payment for the additional pilot. This is not surprising, as the provision in question is part of a regulation, 12 AAC 56.960, titled “Duties of Pilots.” The regulation primarily addresses just that—duties of pilots. It does not address payment of pilots in either (b) or (c), the subsections addressing requirements for two pilots for certain vessels/transits.

This memo was made public by the Board 10.9.19

From: [Board of Marine Pilots \(CED sponsored\)](#)
Bcc: [ALASKA MARITIME AGENCIES, ALASKA TANKER COMPANY, NORTH PACIFIC MARITIME, POLAR TANKERS, CRUISE LINE AGENCIES OF ALASKA, Yacht Services of Alaska, ALASKA VESSEL AGENTS, INC.](#)
Subject: Request for Information from Marine Pilot Board
Date: Thursday, December 5, 2019 1:48:00 PM

Dear Registered Vessel Agent ,
(sent to email address linked to license record; sent to all registered vessel agents)

The Board of Marine Pilots requested that I reach out to you on their behalf with a few questions that will assist their discussion on current industry topics at their upcoming meeting. If you would be willing to send back your responses by the end of the month, I can compile the information and include it in the meeting packet.

The Board will be reviewing vessel length requirements for the foreign pleasure craft pilotage exemption and requests information on the *average* size of private yachts that your organization was contacted to provide pilotage for in 2018 and 2019.

The Board will also be discussing dispatch of multiple pilots by pilot organizations (data from 2018 and 2019 is requested). Your assistance in providing the following information will help the Board evaluate this issue.

How many times have you been asked to have a second pilot on a voyage over 8 hours?
How many times have you been asked to have a second pilot on a voyage under 8 hours?

Thank you for your assistance and any feedback you can provide.

Cori Hondolero
Executive Administrator
Alaska Board of Public Accountancy
Alaska Board of Marine Pilots
cori.hondolero@alaska.gov
(p) 907.269.4712
(f) 907.269.8156

**Hard copies were also mailed to the
address of record**

From: [Alaska Vessel Agent](#)
To: [Board of Marine Pilots \(CED sponsored\)](#)
Subject: RE: Request for Information from Marine Pilot Board
Date: Monday, December 30, 2019 11:33:53 AM

Good day Cori,

Please be advised Dutch Harbor transit time does not exceed one to two hours.

Alaska Vessel Agents
Natalia Razumnoff
Po box 920785
Dutch Harbor, AK 99692
(907)581-4591
ava@alaskavesselagents.com

From: Board of Marine Pilots (CED sponsored) <boardofmarinepilots@alaska.gov>
Sent: Thursday, December 5, 2019 1:49 PM
Subject: Request for Information from Marine Pilot Board

Dear Registered Vessel Agent ,
(sent to email address linked to license record; sent to all registered vessel agents)

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Cori Hondolero
Executive Administrator
Alaska Board of Public Accountancy

From: [Morgan, Montgomery J.](#)
To: [Board of Marine Pilots \(CED sponsored\)](#)
Subject: RE: [EXTERNAL]Request for Information from Marine Pilot Board
Date: Thursday, December 5, 2019 1:54:33 PM

We have never been asked to have a second pilot.

Monty Morgan
Polar Tankers
Valdez Operations
(907) 835-5862 Office
(907) 831-0645 Cell

From: Board of Marine Pilots (CED sponsored) <boardofmarinepilots@alaska.gov>
Sent: Thursday, December 5, 2019 1:49 PM
Subject: [EXTERNAL]Request for Information from Marine Pilot Board

Dear Registered Vessel Agent ,
(sent to email address linked to license record; sent to all registered vessel agents)

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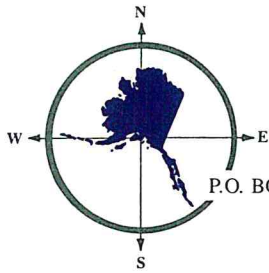
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Thank you for your assistance and any feedback you can provide.

Cori Hondolero
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Alaska Board of Marine Pilots
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North Pacific Maritime

P.O. BOX 8080 • 1429 TONGASS AVENUE • KETCHIKAN, ALASKA • 99901 • (907) 225-2200

Date: December 23, 2019

Board of Marine Pilots
Cori Hondolero, Marine Pilot Coordinator
550 West 7th, Suite 1500
Anchorage, AK 99501

Mrs. Hondolero,

Thank you for your email requesting information for the January Marine Pilot Board (MPB) meeting. North Pacific Maritime, Inc (NPMI) doesn't handle Yachts and as such have no data on average sizes for 2018 and 2019.

Please find the answers to your other two questions below:

How many times have you been asked to have a second pilot on a voyage over 8 hours?


12 AAC 56.960 (c) is clear on this. It states, "A non-passenger vessel in a continuous transit of compulsory pilotage waters of Southeast Alaska that is expected to exceed eight hours must employ two pilots". Thus, it is more of an understanding than a request. Two pilot jobs are infrequent in the pilotage routes that NPMI handle.

How many times have you been asked to have a second pilot on a voyage under 8 hours?

We have, and continue to be asked, during the wintertime on transits from pilot station to Hawk Inlet, to use two pilots. We accept the second pilot request however; we continue to believe billing should be based upon legally required pilotage or pilotage request by the agent or vessel. While this only occurs very seldom during the winter, we are committed to finding a solution which works for both the vessel and pilots and have offered an alternative approach. We are awaiting a response from SEAPA.

Thank you for your interest. Should you have any further questions please don't hesitate to contact us.

Best regards,



Paul Axelson
VP Operations



Date: December 23, 2019

Board of Marine Pilots
Cori Hondolero, Marine Pilot Coordinator
550 West 7th, Suite 1500
Anchorage, AK 99501

Mrs. Hondolero,

Yacht Services of Alaska (YSA) is in receipt of your message requesting information for the January meeting of the Marine Pilot Board (MPB). Thank you.

Per your request, please find below the average Yacht size, by exemption class, that YSA provided agency services for in 2018, and 2019.

AVERAGE YACHT SIZES					
2018			2019		
	# OF VESSELS	AVG LOA		# OF VESSELS	AVG LOA
All Vessels	34	156	All Vessels	29	155
65 - 125	7	101	65 - 125	7	86
126 - 174	20	155	126 - 174	14	158
175 -UP	6	204	175 -UP	8	211

In 2018, there were no missed pilot days in any of the exemption classes. In 2019, SEAPA was unable to provide pilotage for 49 days to Yachts over 175 feet.

How many times have you been asked to have a second pilot on a voyage over 8 hours?

12 AAC 56.960 (c) addresses this question. It states, "A non-passenger vessel in a continuous transit of compulsory pilotage waters of Southeast Alaska that is expected to exceed eight hours must employ two pilots". Given the regulations, two pilots are dispatched on all voyages where the vessel and pilot acknowledge the voyage will exceed 8 hours. This occurs very infrequently as we relay to our customers that if they are to transit over 8 hours, it will require two pilots.

How many times have you been asked to have a second pilot on a voyage under 8 hours?

We have never been asked to have a second pilot on voyages expected to be under 8 hours. We have however advised our customers that in order to avoid a second pilot dispatch they may have to increase their normal cruising speed to keep their voyage under 8 hours.

Thank you for your interest. Should you have any further questions please don't hesitate to contact us.

Best regards,

Destiny Bell
Yacht Agent