

# *City and Borough of Wrangell, Alaska*

Economic Development Committee  
October 29, 2012  
6:30pm Assembly Chambers

## AGENDA

1. Call To Order
2. Roll Call
3. Election of Officers: Chair and Vice Chair
4. Amendments to the Agenda
5. Approval of Minutes: April 9, 2012 and June 13, 2012
6. Persons to be Heard
7. Correspondence
8. Old Business
  - a) Draft Prospectus: Institute Property
  - b) Draft Wrangell Timber Plan
9. New Business
  - a) Kiva Zip
  - b) Website Development ideas for Economic Development
  - c) Review of EDC By-Laws
10. Adjournment

# Economic Development Committee Meeting

## Draft Minutes

April 9, 2012

Present: Julie Decker, Marlene Clark, Dawn Angerman, Kipha Valvoda. Augie Schultz, Maria Weeg not present, both previously notified staff as unable to attend because of work

Public Present: Cyni Waddington; Jeremy Maxand; Chris; George Woodbury; Jim Colier; Charlotte Duren; Bob Dalrymple; Kaitlyn MacElvoy

Welcomed Kipha Valvoda as newest member of EDC

No amendments to Agenda

Approval of Minutes were postponed until later

Persons to be heard:

Cluster Initiative Invitation: Thursday 11-2:00pm. JEDC will be in town to present the ongoing cluster discussions and solicit input from Wrangell

Looked at a draft Timber Plan document at the last meeting, but there is still a lot of discussion to have. Tonight, because of an upcoming deadline to USFS scoping process, need to provide assembly with comments for the Wrangell Island Timber sale. Elements from tonight's discussion should help guide the continued discussion of the timber planning effort.

DA didn't feel comfortable about a broader program without talking to more timber individuals.

Marlene, Not comfortable with deferment as we did hear from some timber individuals

DA: has not seen input to the draft plan itself

JD.. yes, there was discussion on the Chamber Asset tour out the road

MC.. my impression was that the small mill guys were happy someone was listening to them

JD: deferring to get more input on the plan is great and to fine tune We have a deadline for the Wrangell island sale but there is no deadline on other draft plan.

KV: Has anyone talked to someone with equipment for starting up a recycling plant for wood waste? Need power, proficiency, equipment. Send out feelers. I know some folks that he can contact to see if there are ways to spearhead that effort.

Jim Collier... Discussed pellet mill effort and bio bricks

Old business : Staff provided the approved work plan to Committee members for reference

New business:

Bob Dalrymple: District Ranger... April 26 input date for Wrangell Island Sale. We have a strong commitment to work with the Borough. Big project – heard from outside groups, but want to make sure the community understands project and provides input.

MC: what entails a 10 year sale?

BD: A lot of the detail.. need to look at big picture. We are actually not that far into the process for the details. Look at the whole island, then constraints within the area.

: Is the forest service advocating for a single sale.

BD: USFS has identified areas of suitable timber for the sale. Have not made decisions on how to present the sale. Project is defined as timber sale with potential for stewardship program which is longer term and takes proceeds and puts back into study area. In other sales, money goes back to treasury.

The Authority runs out in 2013. We have identified Land Base.... There was effort done about 2 years ago.. contractor did not perform and now are doing it in house. We have taken whole land base and then removing those areas we cannot harvest due to the Plan... roadless takes out huge amount of the island.... Where we can go legally? Take out hazard areas, land slides.... The available acres starting to come in.

Board feet is not easy to answer... .... Old Growth Reserves are like wildlife reserves. The initial thought was you wouldn't go in to those areas, but now with the roadless, the OGR don't necessarily make sense as you have plenty of areas you are not going to be able to go into and we can move OGR boundaries. Try to get as much volume as we can.. by moving OGR around. ... might be 100mmbdft by moving around boundaries. .. working on draft EIS which will have a range of volumes.. from no action to a lot of acres.. and proposed action which USFS started.

DA: what program is currently offered for small operators..

BD: micro sale roadside salvage.. small sale guys don't always have the equipment or afford certain types of logging. A tree or several at a time.. capped at ½ million a year.

DA: so is it not adequate to meet their needs?

JC: it carves us a niche, it is a help

BD: They help salvage things that blow over... get the value of it vs. firewood. Is on POW and Wrangell but not all other areas. Normal sale program ranges in volume.. economics is a huge issue.. a reality..... Building roads gets very expensive.. a lot of our timber is above previous sales so it might be a helicopter sale and then economic values are low.

Want some volume available to get out for sale or sales. This is just one piece of whole Tongass program. Objective is get volume available.

JD: roughly 30 years to get to 2<sup>nd</sup> growth.. in my mind it is an important timeline.. socan USFS actually think outside box? Stewardship contract is huge and new. Might be longer than 10 year sales.

If you put 200 mmbf to bid.. and someone other than small mills bid on it.. yes the small operator would still have micro sales.

BD: Agency goal is to have spectrum of sales. . if you don't have larger sales, small guy will run out of opportunities. USFS does not have a guaranteed supply. This project is 2 years late.

: Can't make investment without some sort of secure resource..

BD: Need to comment to give you standing later on. Would lose right of appeal if you do not make comments now. This is 2<sup>nd</sup> time around.. don't have to re-comment but if you have additional information is useful.

KV: is it opened internationally if a large sale?

BD: usually for US business requires domestic processing... but then he can sell it to anyone and markets for most part are for Asia.

USFS does allow direct export based on market conditions.

Is there a possibility for a higher stumpage rate so it is more affordable for the small guy to saw it .

GW: two layers of processing, and a different stumpage for export..

KV: I am concerned that the resource harvested here should be processed here to create the jobs.

GW: There are qualifications of bidders – must qualify. USFS problem is the 2008 TLMP has too many prescriptions before you can put up a sale. The State will get 30-50 stumpage.. and USFS has harder time to get the funds to cover the costs. So USFS allows extra export to pay for prescriptions. Advocate then for usfs to find ways to minimize prescriptions. ... a lot of sales are on hillsides... .. because timber is locked up in OGR, wildlife mgt areas. Previous long term synergy between the large and the small. Products created could be shipped and also sold to smaller operators.. helping them with some of the infrastructure to buy their material to further manufacture and add value. If you don't have the medium operation, you don't have the capability to provide the infrastructure. Lost the infrastructure ie machine shops and other services were a result of the lost contracts and mills closing down.

Need the 150-200 mmb needed for a small sawmill..... to provide investment incentive to run thru mill. Make it affordable to operate,

The guy looking to do something here in Wrangell is stymied... because of the lack of timber supply. guaranteed procurement.

GW: Two lawsuits applied by State for reinstating the roadless exemption. Find more timber to package... what do we want.... What do we need.... That is the goal... design your request for the sale around as to what we want to happen. Takes a community.. got a borough.. start to tell them how to manage it to satisfy our economic goals

DA: JC how do you feel about a 10 yr contract... JC fine.

DA: if we were to put in our comments... we want the Wrangell Island sale to be let as a 10 year contract....

JC: We need 4 10 year plans in a row for the procurement for big investors

MC: Want to see other small spinoffs for other forest products. That hire 8-10 folks...

GW: medium small mill provide infrastructure for small guys. Need sales through out the area to provide enough timber for a medium small sale.

JD: how many mills now do you consider medium small operator... GW (1 - Viking) I have a hard time reconciling how we can get a mill here..... when Viking is struggling?

GW.. takes hard work, regional forester to put up sales, to go to D.C.

JD: is 10 years an ideal length? Would lengthening be better? Must increase the board feet.

GW: Viking is running 15-20 mmbf and surviving. Could run at 60 mmbf. Challenge is to get the USFS to utilize resource to make it happen. To get logs out. Tonka sale.. and Navy (Etolin)

MC: 2<sup>nd</sup> year growth.. there was logging in the 50's..

BD not that many second growth acres.. USFS has quantified it but not available because of prescriptions, beach logging.

Draft Letter was written by Jeremy Maxand

JM: what I wrote was intended to keep as much of the timber local for processing.. if you put it out.. it should be contingent on investing in Wrangell

DA: USFS cannot discriminate..

GW: they can set parameters.. must have a facility.. so what type of facility do we want to see:

JM: on island, on major road system, is our back yard.. so if going to be cut, should see maximum amount of benefit.

JD: so theoretically possible to put sale out that can be processed in wrangell... ..

GW: in contract that there be some facility to manufacture wood be built in Wrangell .. stipulation. The stewardships sale are designed with that object to develop and support local communities.

JD .. would it be helpful to push for longer term? Even if only one sale.

GW.. yes, but this is on the table and don't have a lot of time. Try to get more volume

JD: has it been done before where you have set aside 10% of a sale for

GW: that has already been done...

JM.. don't put all baskets in one palce... we want a 10 year sale with enough wood to create jobs.. but if no one shows up to invest in the mill.. you don't want to watch the wood go somewhere else... so have an alternative to look at ... if no one shows up to purchase.. then have another idea of structuring.. if you need to build roads.. then have a sale 25 mmbf where someone can go in and create the woods...

I keep hearing that you have to have a scale to do the logging.. thinking outside of the box for a different model of a sort yard... loggin crew... .. how could we get a crew to go out. Don't want to lose out if we don't have a white knight come in and build a mill.

Follow up if no one comes in and gets the sale.. ask why??

JC: Long term plan that is going to bring in the economy. Micro does work for him. Would love to go to midsize mill to get some trees.

Need a Long term plan throughout the Forest and district. So folks with hthe money will invest.

BD: only thing that the proposal, is they want to make timber available. They will then sort out what they can do legally ... Forest Cole is waiting to hear from folks.

**MC moves to adopt the letter**

**JD 2<sup>nd</sup>**

KV: seems to be going in direction that we want to go, but want to read again. For 10 year sale. Want insurance make it more profitable for someone to come here to employ folks here. So not just losing the logs elsewhere.

JD.. likes the 6 bullet points... wants to massage it

Maximizing local processing requiring investment by potential bidder, so process on island.

Setting aside 10% for micro guys..... BD: they go and look at trees... and come ask for it.

KV: 10 year plan will encourage investment...

BD: what the NOI actually said.... 80 million... so we should ask for more, modification of OGR, look at any prescriptions, get more timber, out, Bob is committed to working with borough to capture ideas..

Change 4: maximize LT timber supply

**Approved unanimous**

Maritime workforce development:

JD: this came out of the cluster initiatives. Movement out of KTN for workforce development, KTN ship yard.. around maritime industry. Grant From USDA and EDA due May 9<sup>th</sup>.. cluster development 3 year deal.. focus on an area, maritime workforce, the marine support industry as well as the fishing. Conceptually this 2 page abstract is trying to get hands around the idea. #5 make it scaleable .. develop plan or tool kit that most any community could tap into. Fits in with the one initiative that Wrangell put on its cluster transition plan... survey of businesses and needs. Wrangell would be a good partner....

I Want city to become a partner and have this work for Wrangell

Minutes

**MC moves to approve the February 22, 2012 minutes**

**JD 2<sup>nd</sup>**

**Approved.**

BD: if committee is interested in any topic, will make his staff available.

Adjourned 8:46pm

Economic Development Committee  
DRAFT Meeting Minutes  
June 13, 2012

Present: Julie Decker  
Dawn Angerman  
Kipha Valvoda  
Maria Weeg  
Augie Schultz 6:45

Opened 6:34pm

No amendments to the agenda

JD moves to defer approval of minutes  
DA 2<sup>nd</sup>  
Deferred to next meeting

No persons to be heard

Correspondence

Letter Borough sent to USFS in response to their scoping of Wrangell Island Timber Sale  
Received letter from Secretary Vilsack regarding Wrangell's cluster initiative.

Timber Plan:

DA: Not much to add

JD: How as a committee do we want to approach this plan and the community to move things forward. What is the industry doing? Want to work hand in hand with industry. Is it worth putting out a working draft to community to get wider feedback? Having a forum to discuss this further?

MW: Could add some weight with advisory role with USFS. Plan talks about different pieces to benefit the economy. A lot of agreement about the core principal, but we have diverse comments. We are close and having an approved plan could lend weight to discussions.

Not ready now. We haven't reconciled the scoping letter with the draft plan. Timeline for the map is end of June... so discussions might also affect what we might want to say in the Plan

KV: Discusses the leaked Obama papers, trade and trying to go around EPA.

DA: Is the Wrangell Timber plan broader than the Wrangell Island Sale?

CR: From staff point of view, yes. The plan looks at a larger area and what the community's goals and outcome is.

JD: Wrangell Centric with the Wrangell Island Sale being a component of

MW: Trying to say this is how we can get the best economic development for Wrangell, here is what we want

JD: I have no problem cleaning up the plan, having it a working document.

Institute Prospectus: What else is needed, where should we go next?

MHTL.. being proposed for land trade with USFS as well as potential timber sales. Boundaries keep being modified

Add the property taxes

Population 2411... change that in the snapshot.

Need utility hook up information services to community

Go to Assembly to go out for development proposals, need an appraisal. Move it forward for the Assembly to act on.

KV: I am asking our state representatives about building a prison. Committee discussed about past prison vote and concerns about a prison in Wrangell. No tourism here. Keep going back to logging and fishing. Need to grow and look at other things. What about building a casino?

AS: Tribes are not able to have casinos, only Metlakatla which is a reservation.

KV: Need to think out of box. get your feet muddy and demand you need jobs.

If the people decide that a prison or casino needs to be done, we need to work on it. Eventually folks will accept inevitable change.

JD: agrees with some. But the prison thing is very strong. Wrangell was on its knees. Casino is not legally possible. Agree that we need to think out of box.

MW: Are we going to just put it out there and see what happens?

Add the previous appraisal cost.

JD:Then send to assembly with a request to consider funding a new appraisal in the near future.

Put out to the public for development ideas. For potential sale of property. Look at development options, but have some control over what we wanted to allow to happen. Go through zoning and EDC review for any proposals.

Tidelands does belong to city. State highway between land and shoreline.

Where to promote...cyberspace. Website.

KV can take property and divide up in to ½ acre lots and sell on ebay. Was discussion about city subdividing or allowing a developer to subdivide. Utilities must be put in for sale and subdivision, a lot of up front costs.



**JD moves to add last appraised value and other necessary information and send to assembly with request to put out to public for development proposal/ideas for eventual sale, and budget for an appraisal.**

**KV 2<sup>nd</sup>**

**Discussion: none**

**Passed unanimous**

Zip Line:

KV: Ketchikan has two zip lines. All the trees and water, is one low impact environmentally friendly activity, but something to offer.

MW: the ones in other areas, are they privately owned. Hoonah, Ktn, Jnu  
Yes.

DA: needs a private or native organization to do. Borough would likely be supportive

KV: want to just talk to USFS about stringing a line around.

Insurance would be huge.

MW: how are they developed, what does it take. Are they staffed?

JD: probably need a certain number of people to make it justified.

KV: build it and they will come.

Low impact, other things you can do. There is island in Yukon where several of the original paddle boats are parked and still in good shape. Why doesn't someone put forth the money?

Two, historical River boats were trying to do that. Neither one could financially get off the ground.

Other ideas:

High Ropes course

ATV trail

Biodiesel: JD: talking to different folks about the different biofuels and other uses of fish by products.

Try to keep looking at where that might work. Others talking about biofuel for algae...

Growing algae with sugar.. don't have to have the big areas with sun. grow indoors in tanks.

Throw into regular diesel engines. Have hydro power but a lot of vessels that use diesels... could be a way to draw fishing vessels to town. Where are they located? Gulf coast

Work force potential. Refinery process. Do they need a warm climate even using sugar. How much land?

Staff provided update on John Glenn and potential use of 6 mile site

Update on the biobricks

If City bought old mills site you could go to cruiselines here... if you develop this, we will do a 99 year lease. We will have taxis. As long as we get a piece of the pie.

Would love to have cruise ship in here, but very hard to deal with.

Before city put out any money, start negotiation with them.

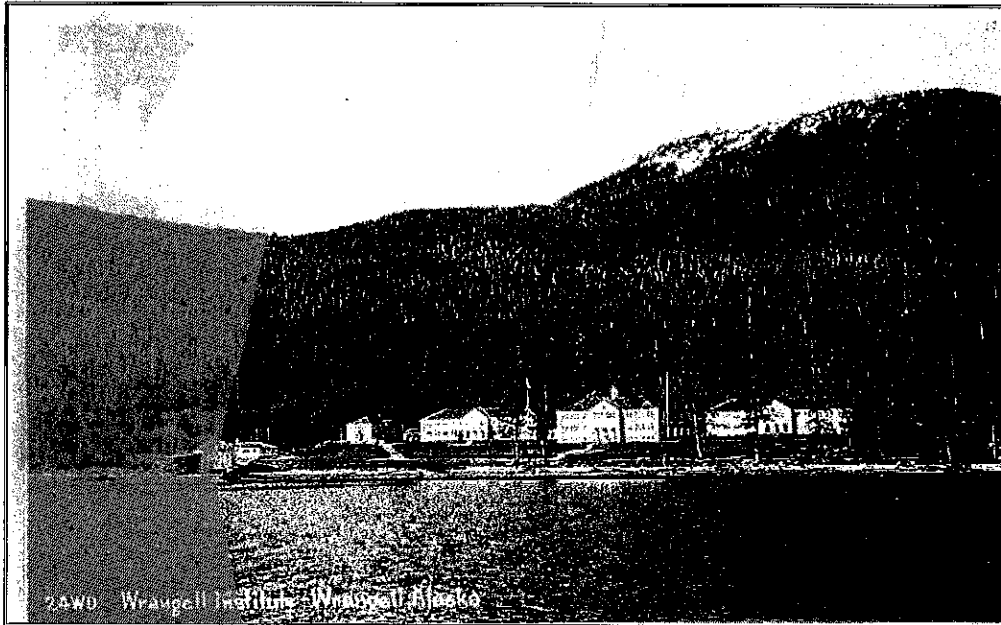
KV: Don't want the cruiseships down town. Businesses however DO want cruiseships downtown.

Have approached cruiseships with all sorts of things. Mooring Dolphin, coupon book

Adjourned 7:55

# City and Borough of Wrangell, Alaska

## 134 acre Land Prospectus



**DRAFT**

# City and Borough of Wrangell, Alaska

## 134 Acre Land Prospectus

DRAFT

### Summary Details:

**Legal Description:** Known locally as the Institute Property, it is comprised of Lot 26 of USS 3403; and, Lots 1-5, Block 1, Lots 1-5, Block 2, Lots 1-3, Block 3, and Tract A, of Shoemaker Bay Subdivision.

**Plats:** # 87-5; #87-9; #90-3; #2009-4

**Area:** Total acreage is approximately 134 acres. Shoemaker Bay Subdivision area is approximately 12 acres; Lot 26, USS 3403 is approximately 114 acres.

**Zoning:** All parcels are zoned Holding, until such time that proposals may be reviewed and the property can be rezoned appropriately.

**Environmental Issues:** The property is gently sloped closest to the road, but has much steeper slopes in the north east portion of the property. Mostly forested wetlands occur throughout the property with several large creeks and smaller drainages. There are two small documented hazard sites suspected to contain petroleum contaminated soil located along the fence line adjacent to Lots 2 and 3, Block 3 Shoemaker Bay Subdivision. A U.S. Forest Service Trail easement for Rainbow Falls traverses through a portion of Lot 26 on the northern property line adjacent to Lot 25.

**Reports pertaining to the land:** Timber Cruise – 1996; Wrangell Institute Master Plan – 2000; Topographical Survey – 2000; Appraisal – 2002; Wetland Delineation – 2003; Environmental Clean-up – 2009

**2002 Appraisal:** An appraisal was conducted in 2002 because the community was considering several development options. In 2002, the property was appraised at \$720,000.

### Location:

Wrangell Island is located 90 miles north of Ketchikan in Southeast Alaska, near the mouth of the Stikine River. By air, Wrangell is approximately 1 hour 30 minutes (155 air miles) south from Juneau, and 3 hours from Anchorage and Seattle (just over 700 air miles each). The City of Wrangell is located on the northern tip of Wrangell Island.

The Institute Property is located along Zimovia Highway 5 miles from Wrangell's downtown area near the Shoemaker Bay Recreational area consisting of a park, marina, beach access, RV park, tent camping area, and trail.

The adjacent parcel of land to the north (Lot 25, USS 3403) is owned by the City and Borough of Wrangell, and is used strictly for recreational purposes. Rainbow Falls Trail, a USFS maintained trail, crosses directly through the Borough's Lot 25 property, and even enters into the subject property along the northern mutual property line with Lot 25. The USFS has a recorded easement for the trail through Lot 25 and the subject property, as well as through adjacent Mental Health Trust Authority property until it enters the Tongass National Forest.

Along a portion of the northern, on the eastern property line and a portion of the southern property line, the Mental Health Trust Authority owns a tract of land (Lot 3, USS 3709)

consisting of almost 100 acres more. On the southern property line fronting Zimovia Highway, privately owned residential land abuts the subject property.

Abutting the property line on the west is Zimovia Highway. Across the highway is beach access (borough tidelands) and Shoemaker Bay Park. The park consists of a tennis court, playground area, picnic tables, and covered shelter.

### **Background:**

The property was the site of the Wrangell Institute, a Bureau of Indian Affairs Native school from 1932 until 1972. The school was located on the 12 acres of the Shoemaker Bay Subdivision. In the 1980's, the entire 134 acre property was acquired by the Cook Inlet Regional Corporation (CIRI) and used for the Youth Conservation Corps in Wrangell. It was abandoned in the late 1980's and the primary building, residence halls, and other supporting structures fell into a state of disrepair. In 1996, the City of Wrangell acquired the parcel with the intent to develop the site for economic opportunity for the community. Over the next 10 years, the City commissioned several studies, including one detailing the extent of hazardous materials on the 12 acre portion that had previously been developed. Asbestos and soil contamination from underground fuel storage tanks required clean up of the property. The buildings, having been ignored for 15 years, were demolished, the asbestos disposed of in an inert landfill and the contaminated oil was removed or treated on-site. The 12 acre site area was given a clean bill of health in 2010. The remainder of the subject property has remained relatively untouched.

### **Characteristics:**

The 134 acre subject property has easy access via the State maintained and paved Zimovia Highway with municipal utilities provided to the property. The site is primarily untouched, except for the 12 acres previously developed for the Institute. The property for the most part is gently sloped with dramatic views of Zimovia Straits. Property available for development could potentially increase by another 100 acres, as it is surrounded on three sides by land owned by the Alaska Mental Health Trust Authority. The City and the Trust developed a Memorandum of Understanding to work together to develop the properties. Near-by amenities include a recreational area providing boat moorage, beach access, picnicking, camping and trails. The Institute Creek runs along the northern side of the property, and the Tongass National Forest lies beyond the Mental Health Trust land.

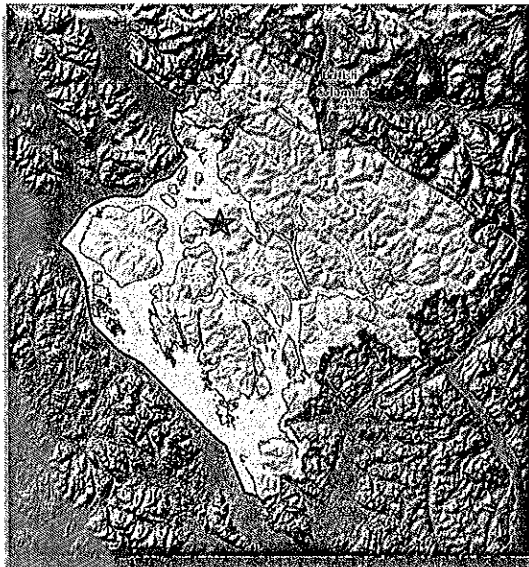
### **Development Constraints:**

Slope – the northern corner of the property is steeply sloped which could restrict use of that portion of the property.

Electrical lines – Wrangell's electricity is provided by the Tyee Hydroelectric facility located southeast of Wrangell Island in the Bradfield area. The mainline line crosses Wrangell Island east to west just south of the subject property and the lines travel to the substation north of the subject property. The lines traverse across a portion of the 134 acre parcel. The Southeast Energy Power Administration, owner of Tyee, maintains a 100 foot electrical utility easement for the lines.

Beach Frontage – Zimovia Highway separates the property from direct water frontage and access, limiting its use for marine oriented developments.

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**Goal and Potential Uses:**

The goal of the City and Borough of Wrangell is to develop the property to the benefit of the community for economic development and diversification.

Wrangell has gone through several visioning discussions pertaining to the Institute Property, most recently during a new comprehensive plan for the City and Borough of Wrangell. Specific preferred uses for the site, as mentioned by the public include: single and multi-family housing on large and small lots; retirement housing/facility; year-round lodging for business and leisure travel with restaurant and entertainment facilities; education facility for environmental or cultural studies targeted to both residents and visitors; medical facility; school or other educational training facility; RV parking sites with quality amenities; low impact commercial uses.

**Community Information:**

The City and Borough of Wrangell's population is 2,411 (2011 AK DCCED). The vast majority of the borough's residents live in Wrangell. The Borough is a unified municipality, incorporated in 2008 after dissolving the City of Wrangell which had incorporated in 1903. It has a Manager-Assembly structure of government.

Wrangell has a rich cultural history. It is the only community to have been ruled by four nations: Tlingit Natives, Russia, Great Britain, and the United States. The City of Wrangell is located at the mouth of the Stikine River and the Stikine-Leconte Wilderness. The surrounding area offers unsurpassed recreational opportunities.

Wrangell is strategically located in central southeast Alaska. Primary private industries include visitor services and marine industries (seafood harvesting and processing, vessel repair and support services).

The Borough's website, [www.wrangell.com](http://www.wrangell.com) provides data pertaining to the history, the cultural richness, the recreational opportunities, and local services. There is also a Facebook page, City and Borough of Wrangell, that provides daily updates for local activities or issues of concern.

**Transportation:**

Barge services bring in most of the bulk of goods to Wrangell. There is weekly barge service from Seattle, with connections of goods arriving from Anchorage or Juneau. The Alaska Marine Highway System provides mainline service traveling north and south from Wrangell multiple times a week. Goods are also transported via truck on the AMHS ferries leaving Bellingham, Wa.

Alaska Airlines provides twice daily jet service on Boeing 400 series with direct connections to and from Seattle, Juneau and Anchorage. Seafood and perishable goods are usually shipped via air service.

## *City and Borough of Wrangell, Alaska*

Date: October 25, 2012

To: Economic Development Committee

From: Carol Rushmore, Economic Development Director

Re: DRAFT Wrangell Timber Plan

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As you will recall, in response to the regional Cluster Initiative, Wrangell EDC put together our own "Cluster Initiative Plan" and sent the document to USDA officials, including Secretary of Agriculture, US Forest Service and Rural Development leaders. We have received a letter from USDA Secretary Vilsack in response as well as a phone call from Senator Begich's office.

Within the Cluster Plan (also attached) was a short summary of goals for a Timber industry in Wrangell. The EDC was then provided a draft Timber Plan document initially comprised by Jeremy Maxand to start discussion on Timber issues in response also to the new planning effort that the USFS would be undertaking for a Wrangell Island Timber sale. After several comments and draft modifications, the Committee felt more work needed to be done on the plan.

At the April meeting, due to a scoping deadline date for response, the focus and discussion of timber issues was to initiate a response to the USFS Scoping document. At the June meeting, there was still some confusion as to the intent, purpose, and contents of the draft plan. It was discussed to consider this a working document.

Attached is a copy of the DRAFT Timber Plan for new members. This was the last version of comments the committee reviewed accepting many of the changes made by members with some notes and questions still included.



# WRANGELL TIMBER INDUSTRY PLAN

Wrangell Economic Development Committee

**Goal:** To maintain and enhance Wrangell's existing and future small (& medium size 50-100 employees -Dawn) mill and high-value added (define high-value) timber products industries.

(Does this plan pertain ONLY to the Wrangell Island Timber Project or to the Wrangell Ranger District? There are several instances where Wrangell Ranger District or the Tongass are mentioned. If it is only Wrangell Island I would recommend we remove/change Wrangell Ranger District or Tongass references when talking about this plan. Dawn)

## **Objectives:**

1. Establish a plan to deliver a long-term timber supply for small (& medium size) mills and high-value manufacturing with an emphasis on local businesses
2. Develop infrastructure to maximize value from local wood manufacturing
3. Create, promote, and market the sustainable Tongass wood brand
4. Support "Buy Local" campaign for wood products
5. Recruit high-value timber product manufacturers
6. Enhance workforce development and opportunities for youth
7. Facilitate full utilization of wood waste which adds value and jobs to the resource harvested

## **Vision:**

This plan supports a vision for Wrangell where there is support, development, and growth of local businesses around the sustainable use of Tongass wood; where businesses have support to transition to develop products of high value to be sold both in and out of the region; where the infrastructure exists to attract entrepreneurs to relocate or create new wood product businesses; where residents in Wrangell and around the region understand the value of using local wood products; where we actively develop our workforce, including our youth, to develop new wood-based businesses; and where conflicts over logging areas are avoided when possible in an effort to minimize risks to the timber industry. .

## **History**

Wrangell has seen near continuous operation of sawmills in one form or another for the past 122 years, longer than any other community in Alaska.<sup>1</sup> The first sawmill, operated in 1889, processing 1 million board feet of timber per year. By 1900, that volume increased more than three fold. In the '60s and through the early '90s, the sawmill(s?) in Wrangell processed more than 60 million board feet per year until

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<sup>1</sup> "Southeast History: The early years of Wrangell's sawmills," by Frank Roppell; [http://capitalcityweekly.com/stories/101211/new\\_898642463.shtml](http://capitalcityweekly.com/stories/101211/new_898642463.shtml)

the end of the 50-year contracts with the Forest Service. Today, there are two remaining small mill operators on Wrangell Island processing between 1 and 1.5 million board feet of value added products (what are these value added products –I thought he was cutting dimensional lumber? Dawn?) annually.

Could we also put in information about how many direct and indirect jobs we once had in the timber industry and how many now exist? (Dawn)

In 2010, Wrangell's 6-mile mill began to be dismantled, and today the site is nearly cleared. The City and Borough of Wrangell is pursuing purchasing this property for use as a deep-water industrial port that could support existing and future small mill and other high value wood product businesses.

Maybe a short paragraph about the population of Wrangell as a hallmark of the economy...something like...In 1994 (?), the economic downturn of Wrangell began with the closure of the mills and was deepened by the downturn in the salmon industry. Consequently, for almost two decades, Wrangell saw declining populations as families moved elsewhere for jobs. However, a few years ago (2008?), the population of Wrangell bottomed-out. Since then, a trend has started of small population increases with each year. With strategic economic development planning, Wrangell is now poised for moderate growth.

However, it is clear that the Forest Service is transitioning from the old paradigm of the high volume liquidation and export of raw logs, (wasn't most or all of the spruce & hemlock cut into some kind of dimensional lumber? –Dawn) to a model based on sustainable, high value, community based, forest management and related industries. ***The question is how will Wrangell position itself to take advantage of this policy shift to expand existing businesses and attract new businesses?***

### ***Community Support***

Since the early '90s, the community of Wrangell has consistently prioritized value-added wood products and small mill –(not sure if this statement is correct, we also helped Dick Buhler buy the old mill-Dawn) operators as key to diversifying and strengthening the local economy. During the "Wrangell 2001" economic development planning meetings in 1992 facilitated by the USDA Cooperative Extension Program, value-added wood products from small mill operators was identified as an important component to Wrangell's economic future.<sup>2</sup> In 2002, as part of the Wrangell Economic Development Forum, value-added wood products were listed in the "Top 10 Economic Development Priorities."<sup>3</sup>

In the USFS's own "Wrangell Island Analysis Report," which included community input from the aforementioned planning documents, the Wrangell Ranger District's

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<sup>2</sup> "Core Information" document, Cooperative Extension Program, 2001

<sup>3</sup> "Executive Summary," Wrangell Community Economic Development Forums, June 2002

position on timber was as follows: "As part of our contribution to the Tongass National Forest timber supply (TLMP 2-4), over the next ten years we plan to offer 25 to 30 MMBF of timber in a way that responds to the need for very small and 1- 5 MMBF offerings. In particular, our objective is to provide wood products in an economical way close to Wrangell in support of local wood industries and jobs."<sup>4</sup>

With the USFS's Tongass Transition Framework, the emphasis on small mill operators and high value-added manufacturing is even greater. The Transition focuses on moving away from large-scale logging of old-growth trees and toward an industry that (that) utilizes second-growth timber, but also uses low volumes of old-growth for manufacture of high-value products. The 2011 Cluster Initiatives funded by the USDA also emphasizes this new focus.

(I think the existing & future medium size manufacturers would disagree with this Tongass Transition Framework - Dawn)

### ***Long-term Timber Supply***

Key to the success of small (& medium size-Dawn) mills and high-value timber product industries in Wrangell is a long-term supply of suitable, economical, and available timber. For the next few decades, small operators on Wrangell Island will have to rely on old-growth timber as its primary resource until second-growth stands are of a marketable condition. As the primary land manager in our area, and in the spirit of the USFS Transition and Investment Strategies, the Forest Service should provide an enabling environment for communities to realize economic development while maintaining high degrees of ecological integrity.

On the Wrangell Ranger District, (are we sticking to Wrangell Island?-Dawn) second-growth trees are not anticipated to be available for use for another three decades, and even then, the projected volume of second-growth trees is only 1.4mmbf. Four decades from now estimates reach 11.4mmbf and 19.8mmbf the following decade. In other words, to sustain Wrangell's existing small mill operators for 30-40 years, old-growth timber will need to be reserved for the long haul, not liquidated for short-term profit.

Several criteria should be used to develop a long-term timber supply plan for Wrangell. First, the plan should focus on the existing roads system in the Wrangell Ranger District (again, Wrangell Island?-Dawn) and minimal new road construction in order to minimize cost. Road construction increases the cost of timber sales, resulting in sales that smaller operators are unable to effectively bid on.

I am concerned about including a statement about minimal road construction because if it is in an "Official Plan", does it tie our hands? Dawn

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<sup>4</sup> "Wrangell Island Analysis Report," United States Forest Service, Wrangell Ranger District, July 1998

Second, avoiding conflict by avoiding roadless areas, old-growth reserves, or areas deemed "high conflict" should also be considered in the plan. Logging in high conflict (who deems these areas as high conflict? Dawn) areas results in litigation, and litigation prolongs timber sales. Small mill operators do not have the financial resources to wait out litigation. This is not simply about being "green," but rather being business smart. Actively avoiding conflict begins through seeking input from community user groups (tour, fishing, and hunting guides, subsistence hunters/gatherers, recreationalists, tribal members among others) to narrow those areas on the district that are acceptable for providing a long-term supply of timber.

The Wrangell Island Project, which was originally planned as a 10-year sale to support a resurgence of the larger old-growth timber industry, is currently in development. The initial proposal was a 90mmbf single sale over a 10-year timeframe. The Wrangell Island Project is the key to a successful long-term value-added industry on Wrangell Island.

***The alternative that would best support this plan would include annual harvest volumes between 1-3mmbf over a 30-year timeframe with sales between 50mbf (???) and 1mmbf.*** The Roadside EA developed by the Wrangell Ranger District would provide micro sales and individual salvage and green tree sale opportunities between 1mbf and 50 (???)mbf. [I must be confused about the difference between "mbf" and "mmbf" ...?]

(I thought Mike Allen's mill alone needs 1.5 mmbf a year, so I am not sure this suggested volume will be enough. Dawn)

*Action Items:*

- Develop a community stakeholder group to provide input on land base suitable for long-term old-growth timber harvest
- Develop plan with Forest Service to designate certain old-growth harvest areas as "Selective and Sustainable" consistent with the Tongass old-growth branding campaign
- Develop long-term supply plan on the existing road system to minimize cost and risk to the existing small mill operators into the future
- Develop MOU with the Forest Service to realize the community-supported harvest plan using the 5-year vegetation plan [??? - what is this? I think this is the first time you mention this].

***Value-Added Infrastructure***

In addition to a long-term supply of timber, access to value-added, or "high-value," manufacturing infrastructure, such as a community kiln, is key to expanding small mill operators and new high-value manufacturing in Wrangell. Much like Wrangell's infrastructure related to the seafood industry, such as the Marine Service Center or the community cold storage and belt freezer, key pieces of infrastructure create

incentives for entrepreneurs to relocate or startup new businesses that will diversify and strengthen Wrangell's economy.

In 2006, the USFS conducted a study titled "Alaska's Lumber-Drying Industry—Impacts From a Federal Grant Program" that analyzed the economic impact of the dry kiln grant program in five regions throughout Alaska.<sup>5</sup> The grant program provided funding for dry kilns and related equipment, such as pre-dryer facilities, lumber storage buildings, planers, and moulders. The report found that the grant program had the most significant impact in the Southeast region. Between 2000 and 2005, the volume of kiln-dried wood grew from 0mbf to 411mbf. The value of the dried wood also grew from \$0 to \$149,000. Additionally, between 2004 and 2005, full time jobs operating kilns grew from 7 to 15, and part time jobs grew from 1 to 5.

Developed industrial land is also essential to expanding small mill and high-value added manufacturing in Wrangell. The former 6-mile mill site is an ideal location with 46 acres of developed industrial space, a deep-water port, and access to utilities. This site is for sale and the purchase of this land by the City and Borough of Wrangell in order to resell or lease smaller parcels for business development would also incentivize industry expansion.

*Action Items:*

- Develop list describing key infrastructure necessary and cost with input from industry
- Identify potential funding sources
- Begin prioritization of infrastructure in City and Borough capital budget

***Tongass Wood Brand***

Just as the fishing industry has successfully created a brand for wild Alaska seafood, creating an international demand while increasing the product's value, Southeast Alaska should follow suit with Tongass wood. Such a brand would differentiate the products from others on the market, and promote its unique and valuable qualities, such as the sustainable harvesting practices which preserve high levels of ecological integrity, support of local jobs, and the positive physical attributes of the wood. Just as the Forest Stewardship Council established a certification to "support responsible forest management worldwide," so should Southeast Alaska. Branding Tongass wood in this way would increase its value, and in return manufacturers of high-value products would generate greater profit and more jobs using less volume.

(Who decides what the "high levels of ecological integrity are? SEACC or other environmental groups? –Dawn)

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<sup>5</sup> "Alaska's Lumber-Drying Industry—Impacts From a Federal Grant Program," Pacific Northwest Research Station, August 2006

To establish an "eco-certified" brand in Southeast, the community should develop a planning rule for the Wrangell Ranger District. This rule would be a community-driven mechanism to guide the harvest prescriptions of old-growth timber and ensure that logging practices and land management are consistent with the marketing brand, and thus the increases value of the timber. [I disagree with this. The current USFS management should be the validation of the "eco-certified" brand. I feel strongly here and there are examples in the seafood industry I could discuss at length. I advise against going down this path.]

Even today without a strategic branding campaign the value of Tongass wood is evident in the products sold by high-value manufacturers such as Rob Goldberg in Haines, Alaska. Rob explains: *"I am slowly processing a log I bought last year. The tree's top had blown off, and it was cut down about a mile from my home. It was 4' in diameter at the butt and 490 years old. The log scaled out at 1,000 board feet, and I paid market price of \$350 for it. From this log I will cut about 500 guitar tops (average \$50 retail), about 20 cello tops (\$300 retail) and many violin and viola tops, brace wood, etc."*

Residents on Prince of Wales Island describe how local wood was used in their home: *"Just thinking about things we've used and made ourselves in our house - vertical grained, quarter sawn hemlock makes great flooring, anywhere from 2 to 6 inch widths. The shorts make nice wainscoting and clear or light-knotted hemlock makes nice trim. Yellow cedar is a bit soft, but the clear pieces we used on the vanity top, coated with hard epoxy, seem to be holding up wonderfully and could be a nice high end product as sink or vanity tops with the right finish. And, the house is sided with red cedar beveled siding milled on POW"*

Another Southeast resident describes potential uses of Tongass wood: *"I believe there is a market for simple, well-built furniture somewhere between Ethan Allan and Kmart particle board. Except for chairs and beds, which have tremendous stress loads, dressers, chests, bedside and end tables, small bookcases, etc. could all be made from alder or hemlock. Boxes for cremated remains, suitable for direct ground burial, are a more economical alternative to the burial vault and urn pushed by mortuaries today. A rot resistant species like yellow cedar is ideal. It is also beautiful enough to sit on the mantle."*

Wrangell wood products must then be marketed both in and outside of the region. A significant barrier to marketing is the lack of grading. While in operation, the Ketchikan Wood Technology Center was able to get three Alaskan trees species their own grade stamps. These grade stamps enable Alaska wood to be sold as dimensional lumber in communities with more restrictive building codes and it also allows sellers to market Alaska's unique wood qualities. Marketing Wrangell wood products can be done alone, or in conjunction with other manufacturers in the region, particularly the small mill operators on Prince of Wales Island. Currently, word of mouth and local ads for small mill operators, [Southeast Conference also had a timber marketing and promotion program for several years. Don't know if

that effort has continued to date.] are the only ongoing marketing efforts. Marketing Tongass wood products is also a priority identified in the Juneau Economic Development Council's "Forest Products Cluster Initiatives."

*Action Items:*

- Make formal request to USDA to fund the development of a marketing plan which incorporates branding, differentiation, quality, and promotion of Tongass wood
- (Thank you for removing this statement, I TOTALLY disagreed with it -Dawn) Develop appropriate grading

***"Buy Local" Campaign for Wood Products***

To support local small mills and other potential wood product manufactures in Wrangell, an effort should be made to increase awareness of the community's ability to buy wood products that are locally manufactured and that residents have a right to up to 10mbf of timber from the National Forest for personal use. A "buy local" campaign will also project the message to potential new businesses that Wrangell fully supports and embraces the value-added wood products industry.

*Action Items:*

- Develop a "Buy Local" campaign with the Chamber of Commerce, small mill operators, and other stakeholders
- Resolutions and policy changes to support using local wood in public projects when possible

***Recruit High-Value Manufacturers (do we have to limit ourselves to "High-Value and what/who defines that?-Dawn)***

Access to timber, infrastructure, a brand, and a marketing plan is necessary components, but they won't create jobs or wealth. Entrepreneurs who can manufacture a high-value product out of an old or second-growth tree are key to the success of any plan to grow a sustainable high-value timber economy in Wrangell. An outreach plan should be developed to communicate with existing or potential wood product manufacturers so they know Wrangell is "open for business" and looking to support manufacturing of products. Such outreach could include advertisements in magazines and other timber products or woodworking publications, ads on related websites, strategically placed newspaper articles in communities where woodworkers and timber product businesses are prolific, and establishing contact and providing information to institutions that teach wood working skills.

*Action Items:*

- Identify opportunities to market Wrangell as a community with high value wood product manufacturing possibilities
- Develop budget to pay for marketing plan

- Develop page on new website with information on resources for high value wood products industry
- Develop a “prospectus” for distribution in order to help recruit new businesses

### ***Workforce development and opportunities for youth***

In addition to recruiting high-value manufacturers, opportunities should be identified and/or created to develop local manufacturers of wood products. This effort should also extend to the community’s youth and should include an entrepreneurial and business component. Wrangell High School has a long history of teaching students to work with wood and some basic wood-manufacturing infrastructure exists for this purpose. A program through the school district that includes components such as biology/forest science, business development, and manufacturing techniques could help create the next generation of local entrepreneurs.

#### *Action Items:*

- Work with the Wrangell School District to develop a wood products manufacturing curriculum for high school students
- Reach out to the Timber Task Force, Southeast Conference, USDA, and others to identify potential startup funding for a workforce development plan in the wood products industry and potential “re-tooling” of the high school shop for enhanced wood working instruction
- Identify existing vocational programs for timber manufacturing training for the local workforce and high school graduates

### ***Full Utilization of Wood Waste***

A component of gaining more value from the timber harvested in the Tongass includes fully utilizing 100% of the wood waste. Over the past year, several meetings were held, surveys conducted, and initial research completed on the feasibility of creating either wood pellets or bio-bricks from wood waste and/or recycled paper waste. This initial scoping indicates that there is local interest in producing, selling and buying these types of products. The draft Southeast Alaska Integrated Resources Plan also suggests the production and use of wood waste (biomass) as an important component to meeting the region’s energy needs.

#### *Action Items:*

- Draft an MOU between City and Borough of Wrangell and potential business owner regarding supply of recycled paper waste for production of “bio-brick”
- Facilitate entrepreneur developing a business in Wrangell which utilizes wood waste and paper waste

### ***Conclusion***



Transforming the timber industry in Wrangell will not be quick or easy, but it is certainly possible. It will require a clear vision and specific action items that taken together will create an environment where the new timber sector can thrive. This transformation will take a new form of coordination between the Forest Service (as managers of 95% of the land in the Wrangell Borough) and the economic development plans of the community. Wrangell has demonstrated its ability as a community to pull together and overcome economic adversity, and with the right support, may prove to be a new model for timber-based industries in Southeast Alaska.

DRAFT

# Wrangell Economic Cluster Initiative Plan

February 2012

The City & Borough of Wrangell is looking forward to establishing a strong partnership with the United States Department of Agriculture and the Forest Service to collaboratively advance economic development opportunities identified as part of the Cluster Working Group Initiative and the Tongass Transition Plan. This document is to provide collaborating agencies with an information bridge between innovative local projects and programs and state and federal opportunities to leverage resources. Below are key Wrangell economic development projects consistent with the strategic initiatives identified through the cluster group process. It is our intention to work with the USDA and other federal and state agencies and organizations to focus limited resources to advance projects consistent with the Transition Planning process that will strengthen the economy of the City & Borough of Wrangell and Southeast Alaska.

## Ocean Products

### Maritime Industry Technology & Workforce Development

(Ocean Products Cluster Initiative 2)

The City & Borough of Wrangell, EDA, and State of Alaska have invested in the Marine Service Center Facility located in downtown Wrangell. The long-term success of this facility hinges on Wrangell maintaining and attracting skilled workers and successful businesses in order to provide excellent service. If customers are satisfied with the level of work completed on their vessels, they will continue to return to use this facility and spread the word to others.

With this goal in mind, the City & Borough of Wrangell would like to pursue funding to determine the following:

1. levels of satisfaction among users of the facility in the past 2 years
2. gaps in service
3. needs of current businesses operating in Wrangell
4. existing marine training opportunities in the region
5. plan to fill identified gaps and needs

Upon completion of this project, the City & Borough of Wrangell will be empowered to pursue appropriate workforce development opportunities, prioritize infrastructure projects, and recruit businesses to the community, in turn strengthening the marine service industry in Wrangell and southeast Alaska.

#### Collaborative Partners

- USDA Rural Development
- University of Alaska

- State of Alaska Workforce Development
- Southeast Conference
- Ketchikan Ship and Dry Dock

## **Increase Wild Salmon Production Through Habitat Restoration**

**(Ocean Products Cluster Initiative 4)**

Restoration activities can improve wild salmon production. Increased salmon production results in increased opportunity for commercial, sport, and subsistence harvest. Increasing the economic output of wild salmon harvests for all sectors of the fishing industry will increase the number of jobs directly and indirectly stemming from wild salmon production for all sectors of the salmon industry in SE Alaska.

From a community economic development point of view, identified restoration projects can also provide a “mitigation bank” opportunity for future public and private development projects, assuring that project mitigation requirements are focused on an identified need, rather than random conservation efforts.

The City & Borough of Wrangell supports engaging with the Forest Service in a collaborative process to 1) identify damaged watersheds and other restoration areas (such as Pat’s Creek drainage, Bradfield River, and areas close to town threatened by development) and 2) develop stewardship contracts that are compatible with the local capacity and use local “Best Practices” criteria.

Collaborative Partners:

- United States Forest Service
- Southeast Alaska Conservation Council
- State of Alaska Department of Natural Resources
- State of Alaska Department of Fish and Game
- Southeast Alaska Watershed Coalition
- US Army Corps of Engineers
- US Fish and Wildlife Service
- Alaska Mental Health Trust Land Office

## **Visitor Industry Initiatives**

### **Premier ATV Trail System**

**(Visitor Products Cluster initiatives 1 & 2)**

The City & Borough of Wrangell would like to develop and market a premier ATV trail system on the Wrangell Ranger District using in-service Forest Service roads and a limited number of closed, or identified for closure, Forest Service roads. This initiative would involved identifying and conventionally naming ATV trails (roads), performing a limited amount of maintenance on some of the road systems,

installation of strategically located picnic areas, developing marketing tools (such as maps, brochures, website), and marketing the system to areas where recreational ATV is highly popular. Recreational ATV use in the Lower-48 is a growing industry. ATV users who live in areas with limited access to public land, such as in Texas, travel to states where ATV trails are available, such as Colorado. Combining the growing demand for ATV recreation areas with the scenic opportunities in Southeast Alaska could prove to be a significant driver for the visitor industry in the Wrangell area.

Collaborative Partners:

- United States Forest Service
- Southeast Alaska Conservation Council
- Stikine Sportsman Association
- Wrangell Chamber of Commerce
- Wrangell Convention and Visitor Bureau

## **Enhance & Expand Existing Trail Systems**

(Visitor Products Cluster Initiative 1)

The City & Borough of Wrangell would like to work with SEATrails and other agencies and organizations to fully develop and market an integrated trail system in Southeast Alaska. In addition, we would like the trail system on the Wrangell Ranger District to become the premier ADA accessible recreation area on the Tongass both for local and regional residents, but also for disabled travelers and returning US Military Veterans.

Collaborative Partners:

- United States Forest Service
- Southeast Alaska Conservation Council
- SEATrails
- State of Alaska Division of Natural Resources
- Wrangell Convention and Visitor Bureau

## **Forest Products Initiatives**

### **Small Mill and Value-Added Timber Products Plan**

(Forest Products Cluster Initiatives 4, 5, & 9)

The City & Borough of Wrangell would like to work with USDA and the Forest Service to implement a plan to support and enhancing existing and new small mills and value-added timber product businesses. The Borough is developing a plan that identifies six specific objectives:

1. Establish long term timber supply plan for small mills and value-added manufacturing
2. Develop infrastructure to maximize value-added local wood manufacturing

3. Create and market the Tongass wood brand
4. Support “Buy Local” campaign for wood products
5. Recruit timber product manufacturers
6. Enhance workforce development and opportunities for youth skills development

Collaborative Partners:

- United States Forest Service
- Wrangell Chamber of Commerce
- State of Alaska Division of Forestry
- Southeast Alaska Conservation Council
- Southeast Conference

## Renewable Energy

### **BioBrick Manufacturing Facility Demonstration Project**

(Energy Cluster Initiative 6, Forest Products Initiative 6)

Wrangell faces two growing challenges that are quickly converging to create an opportunity that could benefit the community: rising electrical loads for residential and commercial heating and growing costs for municipal waste management. The City & Borough of Wrangell would like to partner with the USDA and other agencies and organizations to develop a demonstration project to manufacture “BioBricks” from small mill waste and municipal solid waste. The “BioBrick” can be burned in wood stoves, which are currently common to many households in Southeast Alaska, and in automated commercial boilers. The City & Borough can realize cost savings by diverting solid waste that would otherwise be shipped south to a landfill, and reducing heating costs by installing commercial “BioBrick” boilers in large public and potentially private buildings that currently heat with fuel oil.

Collaborative Partners:

- United States Forest Service
- University of Alaska
- Southeast Alaska Power Agency
- Alaska Energy Authority
- Southeast Conference
- Southeast Regional Solid Waste Authority
- Southeast Alaska Conservation Council
- Wrangell Cooperative Association

## *City and Borough of Wrangell, Alaska*

Date: October 25, 2012

To: Economic Development Committee

From: Carol Rushmore, Economic Development Director

Re: Kiva Zip

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Justin Renfro, who works for Kiva Zip, is working with the University of Alaska Center for Economic Development Alaska Source Link ([www.aksourcelink.com](http://www.aksourcelink.com)) on some efforts to provide economic development opportunities in Rural Alaska. I have worked with the Center and Alaska Source Link for several years now (they were the also the ones that started Lemonade Day in Alaska).

Justin, through his contacts at Alaska Source Link contacted me in September to see if Wrangell would be interested in participating as a partner (trustee) with Kiva Zip, which is similar to Kiva.org, allowing individuals all over the world to help a potential borrower through a third party, anywhere in the world. Kiva Zip is trying to link individuals directly to the potential borrower. Wrangell EDC would not be the one providing financing, but rather providing some due diligence regarding the potential business and endorse them.

I think it is an exciting opportunity to participate in. I already began the process to list Wrangell as a trustee and have attached the information that still needs to be completed. I am recommending that the EDC will be supportive of trying to participate in this effort.

Please see attached. Also go to [www.kiva.org](http://www.kiva.org) and <https://zip.kiva.org/> for more information.

Fall, 2012



**Kiva Zip**

US Trustee Introduction

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Welcome to Kiva! 

**Kiva is a non-profit, based in San Francisco, that enables individual lenders to crowd-fund person-to-person loans to individual borrowers around the world.**

**Kiva made its first loan in Uganda in 2005, and has since made over \$350m of loans to borrowers in over 60 countries.**




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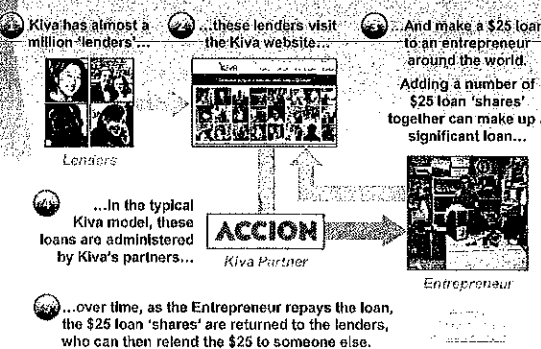
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How Kiva works... 



**1** Kiva has almost a million "lenders"...

**2** ...these lenders visit the Kiva website...

**3** ...And make a \$25 loan to an entrepreneur around the world. Adding a number of \$25 loan 'shares' together can make up a significant loan...

**4** ...In the typical Kiva model, these loans are administered by Kiva's partners... **ACCION** Kiva Partner

**5** ...over time, as the Entrepreneur repays the loan, the \$25 loan 'shares' are returned to the lenders, who can then relend the \$25 to someone else.

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**Welcome to Kiva Zip!** 

Kiva Zip is a small pilot project, launched by Kiva.org, to drive innovations in person-to-person lending.

The principal difference of the Kiva Zip model, is that the loan goes **directly from Kiva to the borrower**, rather than via the partner.

Kiva has three principal aims for the Kiva Zip pilot:

- Expand borrowers' **access to capital**, by making loans to borrowers who would not qualify for conventional loans.
- Lower the **financial costs** of borrowers by leveraging new technologies (e.g. disbursing loans via Paypal).
- Enhance the **personal connections** between Kiva lenders and borrowers by enabling them to communicate on the Zip website.

The Kiva Zip project funded its first loans in December 2011.

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**Promising early results...** 

- We have now posted over **70 US loans** to the Zip website...
- Working with over **45 trustees** in 15 states
- Around half of those loans have been to businesses within their first year of operation; and about a third have been to **startups**
- So far we have a very strong **repayment rate**
- Perhaps most exciting are the **connections and community** that we are building between our borrowers and our lenders

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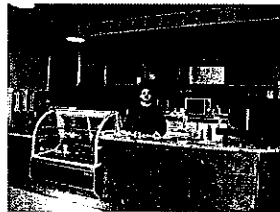
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**Example borrower: Victor** 

**Victor**  
Cafeo Coffee Shop, San Francisco, CA



**34%** repaid

**time jobs**

**repaid on time**

**his Yelp profile**

**recent Kiva event**

**people don't normally trust people like me**

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**What's in it for borrowers?** 

**Ability to Access Capital**

**Zero Interest or Fees**

**Online Application**

- No paperwork, fax machines, or pigeons!

**Flexibility**

- Grace period is available where appropriate and payment terms can be on weekly or monthly installments

**Building Community**

- Borrowers are able to connect with dozens of lenders who can be "brand ambassadors"
- This is a great way to reach a million potential customers via the Kiva Zip website

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**So who are trustees?** 

Trustees play a crucial role in the Kiva Zip model.

It is the responsibility of the trustee to:

- Find eligible borrowers for a Kiva Zip loan
- Do financial and character due diligence on these borrowers
- Publicly endorse them on the Kiva Zip website
- And provide ongoing support throughout the loan term

Trustees have no money at risk if a borrower they endorse does not repay, but their reputation is at stake.

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**What's In It for trustees?** 

**Increase Your Demonstrated Impact**

**Create and Market Your Success Stories**

- Drive awareness to your organization
- Potential for positive publicity and PR

**Building Community**

- Engage our community of over 1 million lenders
- Network with similar organizations around the country

**Financial Benefits**

- Trustees may find it easier to fundraise by highlighting their partnership with Kiva

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### What do the loans look like?



- 0% interest
- Business loans
- Small size – first loan can be up to \$5k; subsequent loans up to \$20k
- Up to 24 months term
- Grace periods available for some loans
- Repayments made in regular weekly or monthly installments
- Disburseals and repayments made electronically via Paypal
- Posted and 'crowd-funded' online

A loan of \$5,000 helps me to pay for a marketing package that could increase sales by 15%

14% earned \$4,325 to go

\$25.00

Disbursement: 7.5%

Interest Rate: 0%  
 Repayment Term: 12 months  
 Currency Exchange Rate: 1:1

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### Borrower criteria



Borrower selection is the most significant role that trustees play in their relationship with Kiva Zip, and there are several criteria that borrowers must meet, in order to qualify for a loan:

"Hard" criteria <i>Must be met unless there are exceptional circumstances</i>	"Soft" criteria <i>Kiva Zip leaves it up to trustees to make a judgment call in these areas</i>
<ul style="list-style-type: none"> <li>• Less than \$3,000 of past due debt</li> <li>• Debt to Income ratio less than 35% (<a href="#">Click here to calculate</a>)</li> <li>• Not in bankruptcy / foreclosure proceedings or about to enter them</li> <li>• Loans must be for a legal, business purpose</li> <li>• Borrower must be over 18</li> </ul>	<ul style="list-style-type: none"> <li>• Borrower must have strong <u>character</u></li> <li>• Borrower must have a strong business or business plan, and the loan should be <u>economically viable</u></li> <li>• Borrowers' <u>personal finances</u> must be sound (e.g. not heavily indebted)</li> <li>• The loan should have a significant <u>positive social impact</u> (e.g. creating jobs in a low income area, borrower is otherwise financially excluded, etc.)</li> </ul>

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### Process for endorsing a borrower



Once a trustee has identified a borrower they want to endorse, there are five principal steps before the borrower can begin fundraising for an interest-free, crowd-funded loan on the Kiva Zip website:

1 Trustee application	2 Trustee endorsement	3 Loan application	4 Trustee review	5 Kiva Zip team review
Trustee fills out a 'trustee application' form, telling Kiva Zip (and lenders) why they want to be a trustee  This is a one-time, online form, and takes only about 30 minutes to complete	For every borrower they endorse, a trustee writes a 'trustee endorsement'  An endorsement is only a few questions long, and takes only about 10 minutes to complete	When the trustee has submitted the endorsement, the borrower completes a 'loan application'  This is a longer application form, and can take a couple of hours to fill out. Again, it is all online to make life easier!	Once the loan application is submitted, the trustee gets a chance to review the loan  The trustee can approve it if they are happy with it, or suggest changes if they prefer	Finally, the Kiva Zip team will review the loan, before posting it to the website to begin fundraising  From there, most loans take about 3-4 weeks to fully fund

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Further Information 

To find out more about Kiva Zip, visit: [Zip.Kiva.org](http://Zip.Kiva.org)

Or email us at [contactZip@Kiva.org](mailto:contactZip@Kiva.org)

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- [Hello, Carol Rushmore!](#)
- [Edit account](#)
- [Edit profile](#)
- [Feedback](#)
- [Logout](#)



- [Lend](#)
- [Borrow](#)
- [Trustees](#)
- [Blog](#)
- [My Kiva](#)

## Trustee Application Form

- [Step 1: Introduction](#)
- [Step 2: Private Info](#)
- [Step 3: Public Info](#)
- [Step 4: Commitments](#)
- [Step 5: Review](#)
- [Description and Impact](#)
- [Borrower Due Diligence](#)
- [Photo](#)

[Save As Draft](#)

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### Public Info : Borrower Due Diligence

In this section, we want to find out a little bit more about how your organization will choose borrowers and ensure that they are suitable candidates for a loan.

This is a key section that will help lenders decide whether they want to make a loan to the borrowers you will endorse, so you should put effort into ensuring that your answers are specific, detailed and thorough.

How will you decide who to endorse as a borrower? What due diligence will you conduct?

*Generally, what will be the nature of your*

*relationship with the potential borrowers? In your due diligence, what will you check for, and how? Please be specific, detailed and thorough. Please write between 50 and 200 words.*

How do you plan to support the borrower, both before and after the loan is disbursed?

*What other assistance do you plan to provide to borrowers you endorse (business, financial, technical, etc.)? Please be specific, detailed and thorough. Please write between 50 and 200 words.*

How will you help us ensure that the loans you endorse have a significant and positive social impact?

*What types of borrowers, or loans, will you endorse? What is the impact you hope the loans will have, both on the borrower and also his/her community? Please be specific, detailed and thorough. Please write between 50 and 200 words.*

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- [Terms of Use](#)
- [Privacy Policy](#)

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- [Lend](#)
- [Borrow](#)
- [Trustees](#)
- [Blog](#)
- [My Kiva](#)

## Trustee Application Form

- [Step 1: Introduction](#)
- [Step 2: Private Info](#)
- [Step 3: Public Info](#)
- [Step 4: Commitments](#)
- [Step 5: Review](#)

[Save As Draft](#)

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### Commitments : Trustee Agreement

This is the Trustee Agreement, which we ask all of our Trustees to sign. It sets out the terms of participation in the Kiva Zip project for Trustees. It is very important that you read this document, and understand the commitments you are entering into. If you have any questions about anything contained in this agreement, you can email us at [contactZip@kiva.org](mailto:contactZip@kiva.org).

This Kiva Contract (this "Agreement"), is made as of Friday, October 26, 2012 (the "Effective Date"), by and between Kiva Microfunds, a California non-profit public benefit corporation ("Kiva"), and Carol Rushmore, Wrangell Economic Development ("Trustee", and together with Kiva, the "Parties").

#### Recitals

**Whereas**, Kiva desires to permit certain internet users, selected by Kiva in Kiva's sole and absolute discretion (collectively, "Zip Users"), to participate in a limited alpha program ("Zip Alpha"), pursuant to which such Zip Users would have the ability to connect with trustees that refer individuals or entities for business loans through certain websites and web applications owned or operated by Kiva (collectively, the "Zip Website");

**Whereas**, Trustee desires to refer individuals or entities for small business loans (such individuals and entities, collectively, the "Referred Borrowers") on the basis of Trustee's best knowledge after due inquiry of the Referred Borrowers;

**Whereas**, Trustee desires to publicly endorse the funding of Referred Borrowers on the Zip Website, with the hope and purpose that debt capital for Referred Borrowers to use for the business purposes specified by such Referred Borrowers ("Loans") will be raised on the Zip Website from Zip Users.

## **Agreement**

**Now, therefore**, in consideration of the promises and mutual covenants herein contained, and intending to be legally bound hereby, the Parties hereby agree as follows:

### **1. Use of Zip Website.**

**(a)** Subject to the terms of this Agreement, Kiva will provide Trustee with ongoing access to the Zip Website. By using the Zip Website, Trustee agrees to and shall be bound by the terms of use of the Zip Website, as posted on the Zip Website and as modified by Kiva from time to time (collectively, "Terms of Use Agreement"), as and to the extent applicable to Trustee.

**(b)** The Zip Website may be used by Trustee solely in the performance of its obligations under this Agreement and shall not be used in connection with any other endeavors (whether commercial or otherwise) without the prior express written consent of Kiva. Without limiting the foregoing, Trustee shall not, through the Zip Website, (i) engage in advertising to, solicitation of, or sales to Zip Users or any borrowers posted on the Zip Website (collectively, "Zip Borrowers"); (ii) transmit any spam, chain letters, junk email or other publicity, marketing or promotional materials to Zip Borrowers or Zip Users; or (iii) collect usernames, email addresses or other personal information of Zip Borrowers or Zip Users by electronic or other means for any reason. Illegal or unauthorized uses of the Zip Website by Trustee shall be deemed a material breach of this Agreement. In addition, Kiva may take any and all appropriate legal action in connection with illegal or unauthorized uses of the Zip Website, including without limitation civil, criminal and injunctive redress.

**(c)** Kiva has sole and absolute discretion to review and determine whether information, photos, content and other materials are appropriate to post to the Zip Website. Trustee will not post to the Zip Website or otherwise provide to Kiva (or have posted to the Zip Website or provided to Kiva) any information, photos, content and other materials on the Zip Website (including without limitation information regarding Trustee and each Referred Borrower) (collectively, "Trustee Provided Content") that Kiva deems, in its sole and absolute discretion, to be inappropriate, including without limitation profanity, lewd content, sexual content, violent content, politically or religiously divisive content, or propaganda of any sort. Kiva has the right to delete all or any portion of any Trustee Provided Content that in the sole and absolute judgment of Kiva violates this Agreement or which might be offensive, illegal, harmful or that might violate the rights or threaten the safety of others.

### **2. Zip Alpha Information and Content.**

**(a) Use of Trustee Information.** Trustee acknowledges that information regarding Trustee, including without limitation (i) Trustee's name, location, status and performance as a Trustee, (ii) information from the public section of Trustee's Zip Alpha application, and (iii) any breach, violation or dispute by Trustee in connection with or arising from this Agreement or the Zip Alpha (collectively, "Trustee Information"), will be published on the Zip Website and in other forms and media (whether now



known or later created), in Kiva's sole and absolute discretion. Trustee shall provide Trustee Information to Kiva, as reasonably requested by Kiva.

**(b) Trustee Provided Content.** Trustee hereby licenses to Kiva on a perpetual, irrevocable, worldwide, royalty free, fully paid, freely sublicenseable basis the right to copy, modify, create derivative works, distribute, perform, display and otherwise use all Trustee Provided Content (including without limitation Trustee Information) for marketing, promotional and any other purpose Kiva may desire. Trustee hereby agrees to indemnify and hold harmless Kiva and its affiliates, and their respective officers, directors, members, agents, attorneys, employees and representatives (collectively, "Kiva Indemnitees"), from and against any and all claims, demands, actions, lawsuits, damages, losses, liability, costs and expenses (including reasonable attorney fees and any of the foregoing in association with personal injury, illness or death) (collectively, "Damages") arising from or in connection with Trustee Provided Content.

**(c) Proprietary Rights in Zip Website.** Kiva owns and retains all proprietary rights in "Kiva" and the "Kiva" logo, as well as other trademarks, service marks, logos, trade names and brands of Kiva. Subject to Trustee's rights in the Trustee Provided Content, as between Kiva and Trustee, Kiva owns and retains all proprietary rights in the Zip Website. The Zip Website contains the marks, copyrighted material and other proprietary information, photos, content and other materials of Kiva and its licensors (collectively, "Proprietary Information"). Except for Trustee Provided Content, Trustee may not copy, modify, create derivative works, distribute, perform, display or otherwise use any Proprietary Information.

**(d) Other Information.** It shall be deemed a material breach of this Agreement for Trustee to use any information received or otherwise made available in connection with or arising from Trustee's participation in the Zip Alpha Program, including without limitation the Zip Website, in order to contact, advertise to, solicit or sell to any Zip Borrowers or Zip Users (other than as required for Trustee to perform its obligations under this Agreement and to provide updates through the Zip Website regarding Referred Borrowers' progress with their respective Loans). Notwithstanding the foregoing, Kiva assumes no obligation to monitor the conduct of Trustee off of the Zip Website.

### 3. Confidentiality.

**(a) Terms and Existence of Agreement.** The Parties shall keep confidential and shall not disclose without the prior written consent of the other Party any information with respect to the terms of this Agreement. Trustee agrees to Kiva's disclosure of the existence of this Agreement and Kiva's relationship with Trustee, on the Zip Website and in other forms and media (whether now known or later created). Notwithstanding anything to the contrary in this Agreement, Trustee shall not publicize, market or promote the Zip Alpha or Trustee's relationship with Kiva without Kiva's express prior written consent.

**(b) Confidential Borrower Information.** "Confidential Borrower Information" shall mean all information relating to a Borrower that is received or otherwise made available to Trustee in connection with or arising from Trustee's participation in the Zip Alpha and that could reasonably be deemed confidential, including without limitation the delinquency or default of any Referred Borrower and information from the Referred Borrower's Zip Alpha application. Trustee shall not use the Confidential Borrower Information for any purpose other than to perform its obligations under this Agreement. Trustee shall not disclose Confidential Borrower Information to any person or entity except to those of its employees, contractors and affiliates that have a need to know such Confidential Borrower Information for the purpose of Trustee performing its obligations under this Agreement; provided, however, each such employee, contractor and affiliate shall be subject to a written agreement that includes binding use and disclosure restrictions that are at least as protective of the

Confidential Borrower Information as those set forth in this Section 3(b). Trustee will maintain the confidentiality of the Confidential Borrower Information using at least the same care that Trustee uses with respect to its own confidential information but in no event less than reasonable care. Notwithstanding the foregoing, Trustee has the right to disclose Confidential Borrower Information to the extent required by a valid written order of a court, administrative agency or other governmental body, provided that before making such a disclosure, Trustee shall provide Kiva with a reasonable opportunity to contest or limit such order or to seek a protective order. Trustee shall promptly inform Kiva in writing of any misappropriation or misuse of the Confidential Borrower Information of which Trustee becomes aware. Upon request by Kiva, Trustee shall, at Kiva's election, promptly return to Kiva or destroy all Confidential Borrower Information in Trustee's possession or control and certify such return or destruction to Kiva in writing.

#### **4. Zip Alpha Participation.**

**(a) Referred Borrowers.** During the Term (defined in Section 7), Trustee shall use reasonable efforts to refer to Kiva Referred Borrowers that meet the qualifying features and guidelines established by Kiva (collectively, "Borrower Criteria"). Trustee shall provide to Kiva an endorsement of each Referred Borrower with respect to each Referred Borrower's ability to repay such Referred Borrower's Loans ("Endorsement"), which Endorsement shall include a true, correct and complete description of Trustee's relationship with such Referred Borrower. For purpose of clarity, Endorsements are considered Trustee Provided Content. None of the following shall in any way be communicated or construed as obligating Kiva or the Zip Users to fund a Loan to any Referred Borrower: (i) referral of any Referred Borrower by Trustee to Kiva, (ii) submission of a Loan application for any Referred Borrower to Kiva, and (iii) posting of any Referred Borrower on the Zip Website.

**(b) Client Protection Principles.** From time to time, the Smart Campaign posts "Client Protection Principles" on its website (the "Principles"). Trustee shall abide by the Principles, as and to the extent applicable to Trustee. Any breach of this Section 4(b) by Trustee shall be deemed a material breach of this Agreement.

**(c) Fellows Program.** Kiva reserves the right, if agreed to by Trustee, to send Kiva representative(s) ("Fellows") to work with Trustee for reasonable periods of time. On behalf of Kiva, these Fellows shall endeavor to assist Trustee in Trustee's participation in the Zip Alpha. Trustee will not be responsible for the Fellows' living and travel expenses, salary or other benefits.

**(d) No Interest Rate or Fees.** Kiva will not, as a part of the Zip Alpha, charge or accept any interest or fee from Referred Borrowers for Loans to such Referred Borrowers.

**(e) Costs and Expenses.** Trustee shall be responsible for all costs and expenses incurred by Trustee in connection with or arising from Trustee's performance of this Agreement.

#### **5. Verification Rights.**

Trustee authorizes Kiva to verify the Trustee Provided Content and Trustee's compliance with this Agreement, as Kiva deems necessary and advisable, and to the extent permitted by this Agreement and applicable law. Trustee agrees to cooperate with Kiva or any third-party auditors that require access to information, photos, content and other materials in Trustee's possession or control that could reasonably be relevant to verify Trustee Provided Content and Trustee's compliance with this Agreement. If Kiva discovers any material discrepancy, widespread discrepancies, willful misconduct, fraud or gross negligence on Trustee's part, Kiva has the right to immediately terminate this Agreement and take any and all appropriate legal action. Notwithstanding the foregoing, Kiva

shall be under no obligation to verify and has the right to rely on Trustee Provided Content without taking any further action.

## **6. Limitation of Liability; No Warranties.**

**(a) LIMITATION OF LIABILITY.** EXCEPT WITH RESPECT TO ANY DAMAGES FROM KIVA'S OWN GROSS NEGLIGENCE OR ERRORS OF JUDGMENT OR MISTAKES OF LAW THAT WERE NOT COMMITTED BY KIVA IN A GOOD FAITH EFFORT TO CARRY OUT ITS DUTIES UNDER THIS AGREEMENT, THE KIVA INDEMNITEES AND THE PARTNER ORGANIZATIONS OF KIVA AND ITS AFFILIATES ARE NOT RESPONSIBLE AND SHALL HAVE NO LIABILITY FOR ANY DAMAGES TRUSTEE MAY INCUR IN CONNECTION WITH OR ARISING FROM THIS AGREEMENT, INCLUDING WITHOUT LIMITATION (I) USE OF THE ZIP WEBSITE, (II) INCORRECT OR INACCURATE CONTENT OR INFORMATION POSTED ON THE ZIP WEBSITE, (III) ANY LOANS MADE TO REFERRED BORROWERS, (IV) INTERACTIONS WITH AND CONDUCT OF ZIP USERS, WHETHER ONLINE OR OFFLINE, AND (V) ERROR, OMISSION, INTERRUPTION, DELETION, DEFECT, DELAY IN OPERATION OR TRANSMISSION, COMMUNICATIONS LINE FAILURE, THEFT OR DESTRUCTION OR UNAUTHORIZED ACCESS TO, OR ALTERATION OF THE ZIP WEBSITE.

**(b) NO WARRANTIES.** THE ZIP WEBSITE, INCLUDING ANY CONTENT OR INFORMATION CONTAINED WITHIN IT OR ANY SERVICE OR ADVICE PROVIDED IN CONNECTION WITH THE ZIP WEBSITE AND THIS AGREEMENT, IS PROVIDED BY KIVA "AS IS" WITH NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NONINFRINGEMENT. TRUSTEE ASSUMES TOTAL RESPONSIBILITY AND RISK FOR USE OF THE ZIP WEBSITE AND RELATED SERVICES AND ADVICE.

## **7. Term.**

This Agreement shall begin on the Effective Date and shall remain in full force and effect through December 31, 2012 (such period, the "Term"), unless otherwise terminated in accordance with Section 8.

## **8. Termination.**

**(a) Termination without Cause.** Subject to Section 8(c), either Party may terminate this Agreement without cause by delivering thirty (30) days written notice to the other Party.

**(b) Termination for Cause by Kiva.** Subject to Section 8(c), by providing written notice to Trustee, Kiva may immediately terminate this Agreement upon the occurrence of any of the following:

**(i)** If Kiva determines that Trustee has materially breached or otherwise materially violated this Agreement; or

**(ii)** If Trustee liquidates, starts winding up, ceases conducting business in the ordinary course, is unable to pay its debts as they fall due, becomes insolvent, files for any form of bankruptcy, has a petition in bankruptcy filed against it, makes any assignment for the benefit of creditors, seeks protection or relief under any law of any jurisdiction, is issued any order for relief, or is appointed a receiver, trustee or other similar official.

**(c) Effect of Termination.** Upon any expiration or termination of this Agreement, Trustee will cease using the Zip Website. Notwithstanding any expiration or termination of this Agreement, Sections 1 through 3, 4(e), 5, 6, 8(c), and 9 through 11 shall survive any expiration or termination of this Agreement.

## **9. Representations and Warranties; Indemnity.**

**(a)** Trustee represents and warrants that (i) all Trustee Information and (ii) to the best of Trustee's knowledge after due inquiry, all Trustee Provided Content is true, correct and complete in all respects.

**(b)** Trustee represents and warrants that, to the best of Trustee's knowledge after due inquiry, each Referred Borrower meets the Borrower Criteria except as expressly described in a writing provided by Trustee to Kiva contemporaneously with such Referred Borrower's Endorsement.

**(c)** Trustee represents and warrants that Trustee shall not, whether directly or indirectly, charge or accept any interest or fee or accept any financial benefit or other material benefit from Referred Borrowers in connection with, or arising out of, Trustee's performance of this Agreement or in Trustee's capacity as a Zip Alpha Trustee.

**(d)** Trustee represents and warrants to Kiva that Trustee owns or has all necessary rights concerning all Trustee Provided Content (including without limitation Trustee Information) to grant the licenses to Trustee Provided Content that are granted by Trustee under this Agreement and that the exercise of such licenses pursuant to this Agreement will not violate the intellectual property, privacy, publicity, proprietary or any other rights of any person or entity.

**(e)** Trustee represents and warrants that Trustee (i) has all necessary power and authority to enter into and perform its obligations under this Agreement and (ii) is, and at all times will be, in compliance with all applicable laws.

**(f)** Trustee shall not, in any way (whether physically or emotionally) or by any means (whether online or offline), intimidate, threaten, abuse, harm or otherwise harass any Referred Borrowers, Zip Borrowers or Zip Users. Without limiting the foregoing, Trustee shall not in any communications that are not of a private nature, in any form or media (whether now known or later created), criticize, ridicule or make any statement which disparages or is derogatory of any Referred Borrowers.

**(g)** Trustee represents and warrants that, as of the Effective Date, Trustee has provided notice to Kiva in writing of any engagement by Trustee with any person or entity that could reasonably be considered comparable to Kiva ("Comparable Business"), which generally includes any person or entity operating a person-to-person microfinance website, person-to-person lending website or crowd-funding website, including without limitation any referral of a Referred Borrower for funding through a Comparable Business. From the Effective Date until the Referred Borrowers' repayment obligations for their Loans are completed, Trustee represents and warrants that Trustee shall provide Kiva with written notice thirty (30) days prior to any engagement by Trustee with a Comparable Business.

**(h)** Trustee agrees to indemnify and hold the Kiva Indemnitees harmless from and against any Damages directly arising out of Trustee's use of the Zip Website or arising from Trustee's breach or other violation of this Agreement, including, but not limited to, any breach of Trustee's representations and warranties set forth above; provided, however, Trustee will not indemnify Kiva for any claim of any nature which asserts in any way that the raising of funds through Kiva's Zip Website violates the laws of any jurisdiction. Any indemnification language in the Terms of Use Agreement which might be deemed to apply to the Parties is hereby superseded by the provisions in this Agreement.

## 10. Nature of Relationship Between the Parties; Delegation.

(a) The Parties agree nothing in this Agreement shall be construed to create a partnership, joint venture or employer-employee relationship. Neither Party shall have any right to obligate or bind the other, nor shall either Party hold itself out to third parties as having any such right or any authority whatsoever to enter into contracts on behalf of the other. Trustee is not the agent of Kiva and is not authorized to make any representation, contract or commitment on behalf of Kiva. Under no circumstances shall Trustee look to Kiva as an agent, employee or principal. Trustee shall be solely responsible for maintaining its own insurance coverage. Trustee agrees to be solely responsible for all matters relating to Trustee's employees (if any), and all dealings and relations with Referred Borrowers, and to indemnify and hold harmless the Kiva Indemnitees from and against any and all Damages directly arising from the matters in this sentence.

(b) Trustee agrees to be responsible for Trustee's own acts and those of Trustee's affiliates, and their respective subordinates and employees, (including, but not limited to, any injuries or death resulting therefrom) and to indemnify and hold harmless the Kiva Indemnitees, and each of them, from and against any and all claims, costs and directly arising from the matters in this sentence. Trustee has the right to delegate any of its obligations under this Agreement to any third parties, provided that Trustee has obtained Kiva's express prior written consent for delegation to each such third party. Notwithstanding any such consent from Kiva or anything to the contrary in this Agreement, Trustee shall remain responsible to Kiva for all such third parties' performance and compliance with this Agreement, and any breach or other violation of this Agreement by any delegatee of Trustee shall be deemed a breach or violation of this Agreement by Trustee.

## 11. Miscellaneous.

(a) **Third Party Beneficiaries.** This Agreement is solely for the benefit of the Parties and is not intended to confer upon any third party any rights or remedies hereunder.

(b) **Notices.** All notices required or permitted hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the Party to be notified, (ii) when sent by electronic mail or facsimile if sent during normal business hours of the recipient, and if not during normal business hours of the recipient, then on the next business day, (iii) five calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the other Party hereto at such Party's address set forth on the signature page hereof, or at such other address as such Party may designate by ten (10) days advance written notice to the other Party hereto.

(c) **Successors and Assigns.** This Agreement may not be assigned or otherwise transferred by Trustee without the prior written consent of Kiva. For the purpose of this Section 11(c), "transfer" includes, without limitation, a change of control of the relevant Party and any transfer by operation of law. Kiva may freely assign and transfer this Agreement. This Agreement shall inure to the benefit of the successors and assigns of the Parties and shall be binding upon the Parties' successors and assigns.

(d) **Attorneys' Fees.** In the event that any proceeding or action is instituted to enforce any provision in this Agreement, the prevailing Party in such dispute shall be entitled to recover from the losing Party all fees, costs and expenses of enforcing any right of such prevailing Party under or with respect to this Agreement, including, without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

**(e) Governing Law; Dispute Resolution.** This Agreement shall be construed and enforced in accordance with, and governed by, the internal laws of the State of California without reference to its conflicts of law provisions. Any dispute, controversy or claim arising out of or relating to this Agreement, or the breach, termination or invalidity thereof, shall be submitted to the International Court of Arbitration of the International Chamber of Commerce ("ICC Court") and shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce ("Rules"). There shall be one arbitrator agreed to by the Parties within thirty (30) days of receipt by respondent of the request for arbitration or in default thereof appointed by the ICC Court in accordance with the Rules. The seat or place of arbitration shall be in the city of New York in the United States of America. The arbitration shall be held, and the award shall be rendered, in the English language. The award shall be final and binding on the Parties and may be entered and enforced in any court having jurisdiction. Nothing in this Agreement shall prevent either Party from seeking temporary, interim injunctive relief from any court having jurisdiction.

**(f) Compliance with Anti-Terror Guidelines.** Kiva checks the names of all people associated with Trustee in project leadership against the U.S. Treasury Department's list of "Specially Designated Nationals and Blocked Persons" (<http://www.treas.gov/offices/enforcement/ofac/sdn/>) and against the Department of Justice's Terrorist Exclusion List (<http://www.state.gov/s/ct/rls/fs/2004/32678.htm>). Kiva commits to abiding by United States laws regarding the prevention, detection and prosecution of international money laundering and the financing of terrorism, and reserves the right to report suspicious findings to the appropriate authorities. Trustees are expected to abide by local laws regarding the prevention, detection and prosecution of international money laundering and the financing of terrorism. If Trustee is found to be in violation of these laws, Kiva reserves the right to terminate this Agreement.

**(g) Independent Counsel.** Trustee acknowledges that this Agreement has been prepared on behalf of Kiva by its legal counsel and that its legal counsel does not represent, and is not acting on behalf of, Trustee. Trustee has been provided with an opportunity to consult with Trustee's own counsel with respect to this Agreement.

**(h) Entire Agreement; Amendment.** This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes and merges all prior agreements or understandings, whether written or oral. This Agreement may not be amended, modified, in whole or in part, except by an agreement in writing signed by each of the Parties.

**(i) Severability.** If one or more provisions of this Agreement are held to be unenforceable under applicable law, the Parties agree to renegotiate such provision in good faith. In the event that the Parties cannot reach a mutually agreeable and enforceable replacement for such provision, (i) such provision shall be excluded from this Agreement, (ii) the balance of this Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of this Agreement shall be enforceable in accordance with its terms.

**(j) Translation.** In the event that this Agreement is translated into any language other than English, the English version of this Agreement shall control in all instances, and any error or inconsistency in translation shall not affect, modify, amend or change the meaning or construction of any term or provision contained in the English version of this Agreement.

**(k) Counterparts.** This Agreement may be executed in counterparts, all of which together shall constitute one and the same Agreement. Signatures to this Agreement may be transmitted via facsimile and such signatures shall be deemed to be originals.

**IN WITNESS WHEREOF,** the Parties have executed this Agreement as of the Effective Date.

- I have read and accept the Kiva Zip trustee agreement above.
- Trustee will not submit fraudulent or inaccurate information to the Kiva Zip website.
- Trustee will not request any money or other goods or services from borrowers, in exchange for endorsing them on Kiva Zip.
- Trustee will not physically, verbally or otherwise intimidate or abuse the borrowers I endorse on Kiva Zip.
- Trustee understands that submitting a borrower's loan application without the borrower's understanding and consent, constitutes fraud.

Terms of Use Agreement Signature	
Time signed (will use submission time) Friday, October 26, 2012	Name (this will count as your signature)
Title	

## Client Protection Principles

We ask all of our Trustees to sign the Client Protection Principles laid out below. The purpose of these principles is to ensure that Kiva Zip Borrowers (clients) are protected from potentially harmful financial products, and treated fairly. Again, it is very important that you read these principles, and understand the commitments you are entering into. If you have any questions about anything pertaining to these principles, you can email us at [contactZip@kiva.org](mailto:contactZip@kiva.org).

*To learn more about the Smart Campaign's Client Protection Principles, please see [this website](#).*

### Appropriate product design and delivery

Providers will take adequate care to design products and delivery channels in such a way that they do not cause clients harm. Products and delivery channels will be designed with client characteristics taken into account.

### Prevention of over-indebtedness

Providers will take adequate care in all phases of their credit process to determine that clients have the capacity to repay without becoming over-indebted. In addition, providers will implement and monitor internal systems that support prevention of overindebtedness and will foster efforts to improve market level credit risk management (such as credit information sharing).

### Transparency

Providers will communicate clear, sufficient and timely information in a manner and language clients can understand so that clients can make informed decisions. The need for transparent information on pricing, terms and conditions of products is highlighted.

### Responsible pricing

Pricing, terms and conditions will be set in a way that is affordable to clients while allowing for financial institutions to be sustainable. Providers will strive to provide positive real returns on deposits.

### Fair and respectful treatment of clients

Financial service providers and their agents will treat their clients fairly and respectfully. They will not discriminate. Providers will ensure adequate safeguards to detect and correct corruption as well as aggressive or abusive treatment by their staff and agents, particularly during the loan sales and debt collection processes.

### Privacy of client data

The privacy of individual client data will be respected in accordance with the laws and regulations of individual jurisdictions. Such data will only be used for the purposes specified at the time the information is collected or as permitted by law, unless otherwise agreed with the client.

### Mechanisms for complaint resolution

Providers will have in place timely and responsive mechanisms for complaints and problem resolution for their clients and will use these mechanisms both to resolve individual problems and to improve their products and services.

I have read and accept the Kiva Zip Client Protection Principles above.

Client Protection Agreement Signature

Time signed (will use submission time) Friday, October 26, 2012 Name (this will count as your signature)

Title

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## *City and Borough of Wrangell, Alaska*

Date: October 25, 2012

To: Economic Development Committee

From: Carol Rushmore, Economic Development Director

Re: Website: [www.wrangell.com](http://www.wrangell.com) (<http://www.wrangell.com/economicdevelopment>)

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**It has been just under a year since our new website went live. I have received MANY comments regarding its design and content. Several other Alaskan communities liked it so much... they have ALSO used aha! Consulting to design their site.**

They have been absolutely wonderful to work with. I had several changes I wanted in order to make it more user friendly, and provide the information like I wanted it provided and they worked to change the code as necessary. Many of the Departments are updating their department sites.. but not all.

We did some basic economic development pages, but we can do more. They have designed a business directory for me (which is NOT live yet but I will show you at the meeting) which is great. But we had some technical difficulties, and are utilizing google maps, so it took a bit longer than I had planned. With the help of the intern this summer, much of the business data has been entered, but I need to finish it now that the kinks have been worked out.

**But... how can we redesign, add, change to the Economic business pages!! I have attaché the main front pages, but not all the click through pages under Business on the home page.**

I have also had several other communities comment about our "move to wrangell" campaign...  
... perhaps we should build on that theme a bit more.

# The City and Borough of Wrangell Alaska

[Community](#)   [Business](#)   [Visitors](#)   [Government](#)   [Resource Center](#)



[City of Wrangell Home](#)» *Economic Development Home*

## Current News



### LEMONADE DAY - Look at the stands!

Saturday May 5, 2012

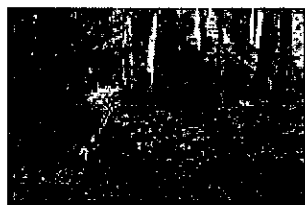
Lemonade Day is celebrating young entrepreneurs! Each lemonade stand is part of a nationwide program to teach small business skills to young people.

[Read More](#)

### Front Street Road and Utility Improvements - Downtown Revitalization

Front Street Construction is completed!!

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### 15 reasons why you want to move to Wrangell

Wrangell is a beautiful spot in central southeast Alaska. It is a friendly community, where neighbors help neighbors, are supportive of our children and elders, and surrounded by resources that offer unsurpassed recreational opportunities and economic livelihood.

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## Local Industries

# The City and Borough of Wrangell Alaska

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## About The Wrangell Economy

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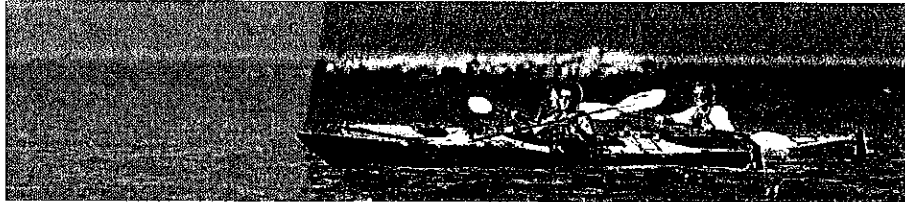
### Welcome to Wrangell!

Wrangell is a warm, working community with an enormous amount of opportunity and an excellent quality of life.

Please take a few moments to learn more about our economy and resources.

The Economic Development Department can provide you with answers to your questions about community resources, land availability, zoning issues or put you in contact with individuals who can. We can also provide basic statistical information regarding employment earnings, population, sales tax collection and other data.

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## Economic Development

City of Wrangell Home » Economic Development Home » *Business And Economic Opportunities*

### Business And Economic Opportunities

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Why choose Wrangell for your business investment? Wrangell has long been known for the richness of its resources. Today, Wrangell is rich in opportunities for growth and economic development, and recreational pursuits.


#### Wrangell offers:

- A local economy positioned for growth
- A centralized regional location
- Available land
- Transportation services
- Telecommunications/Fiber optics
- Deepwater port
- A motivated workforce
- Supportive local government
- Housing (sales, rentals, land available)
- High quality of life: low crime rate, service organizations, recreational activities

Wrangell has all the resources in place to make your business investment pay off. Wrangell is an opportunity not to be missed.







Click on any of the links below for additional information.

### Supporting Documents

 [CBW 2012 Community Profile](#)

### Web Links

[State of Alaska Community Profile for Wrangell](#)

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### Business And Economic Opportunities

- [Marine Services Industry](#)
- [Seafood Industry](#)
- [Telecommute](#)
- [Timber and Wood Products](#)

### Economic Development

- [About Wrangell's Economy](#)
- [Business And Economic Opportunities](#)
- [15 reasons to move to Wrangell](#)
- [Economic Development Committee](#)

### Upcoming Events

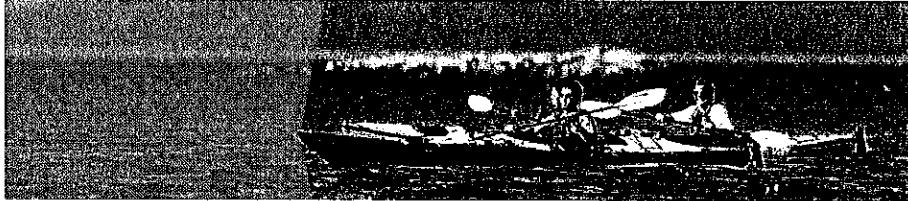
[Economic Development Committee meeting](#)  
Mon, Oct 29th 6:30pm - 8:00pm

[View the Economic Development calendar](#)

### Contact Information

*Economic Development Director*  
Carol Rushmore  
P.O. Box 531  
Wrangell, AK 99929  
907-874-2381  
[ecodev@wrangell.com](mailto:ecodev@wrangell.com)

[Click Here for Contact Details](#)  
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## Economic Development

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### 15 reasons why you want to move to Wrangell

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Wrangell is a beautiful spot in central southeast Alaska. It is a friendly community, where neighbors help neighbors, are supportive of our children and elders, and surrounded by resources that offer unsurpassed recreational opportunities and economic livelihood.



#### Why Wrangell?

- Quality of Life
- Safe Community, Low Crime Rate
- No Traffic, Low Commute Time
- Wrangell Public Schools High Testing Scores
- Wrangell Medical Center and Alaska Island Community Services
- Fiber Optics (Great for Telecommuting)
- Low Electricity Rates
- No Personal Property Tax
- No State Income Tax
- Sense of Community
- Recreational Opportunities
- Available Workforce
- Easy Access to Seattle, Juneau or Anchorage
- Excellent Library
- Supportive government

### Economic Development

#### About Wrangell's Economy

#### Business And Economic Opportunities

#### 15 reasons to move to Wrangell

#### Economic Development Committee

### Upcoming Events

**Economic Development Committee meeting**  
Mon, Oct 29th 8:30pm - 8:00pm

[View the Economic Development calendar](#)

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[Places to Stay](#)  
[Shopping and Dining](#)  
[Festivals and Events](#)  
[Convention Center](#)  
[Museum](#)  
[Request Visitor Information](#)

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[Economic Development](#)  
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**BY-LAWS  
OF  
WRANGELL ECONOMIC DEVELOPMENT COMMITTEE**

**ARTICLE 1**

**Purpose**

The purpose of the Wrangell EDC is to act as a sounding board for and make recommendations to the Borough Assembly on development proposals, grant ideas, project proposals and other action items.

**Mission**

The EDC will work to create a healthy, diversified economy with a stable tax base that supports good streets, public facilities and infrastructure, and will preserve and capitalize on its natural beauty, history and cultural diversity. New industries will be welcomed that create a diverse economic base while existing industries shall be supported to remain strong and viable. We support small businesses development.

**Goals**

1. ***Encourage Business Development in order Diversify the economy*** so that Wrangell is not dependent on a single employer or industry
2. Support and promote ***infrastructure development*** that enables economic growth.
3. Support our ***education*** system and opportunities.
4. Maintain communication with existing businesses and community.

**ARTICLE 2**

**Committee Composition**

The Economic Development Committee will consist of seven members representing diverse interests appointed by the Mayor and the Borough Assembly. The terms for all Board seats are three years, staggered terms. Letters of continued interest to serve may be submitted after fulfilling a term seat and the Assembly may reappoint a member.

**Officers and Duties**

Chair and Vice-Chair will be elected annually at the first meeting after October election. Economic Development Director shall serve as support staff to the EDC.

**Quorum**

In order for business to be transacted and recommendations forwarded, a majority of the number of appointed members must be in attendance. For voting purposes, the vote of the majority of the quorum present shall be sufficient for a subject matter's determination.

### **Attendance**

If a Committee member is absent for 50% of four consecutive meetings without a valid excuse submitted prior to the meeting and accepted by the Committee members present, the Committee member will be considered automatically resigned from the appointment and the Borough Clerk will advertise for a new appointment.

### **EDC Meetings**

EDC Committee meetings will be held, at minimum, quarterly. Additional meetings may be scheduled based on need and with proper notification. Any Committee member may request an item be placed on the agenda.

### **SubCommittees**

The EDC may create subcommittees as necessary to meet on their own time without the need of public notification. All work of the subcommittee must come forward to the full EDC for discussion and action.

### **Parliamentary Procedures**

All meetings will be conducted using Roberts Rule of Order.

### **Compensation.**

No member of the Economic Development Committee shall receive any compensation from the EDC or Borough in return for service on the Committee. Travel expenditures (transportation, lodging, per diem and registration fees) will be paid for any approved travel if the Committee recommends and the Borough Assembly authorizes expenditures.

## **ARTICLE 3**

### **By-law Amendments**

These By-laws may be amended or repealed by a simple majority of the members of the EDC Committee. Amendments or revisions must be presented to the EDC in writing at a regularly scheduled EDC meeting. Discussions of the proposed amendment or revision and vote can occur at that meeting. Amendments must be submitted to Borough Assembly for final approval. A copy of the by-laws will be maintained in the Borough Clerk's office for the public's review.

Approved by City Council April 27, 2004

Modifications approved by the Borough Assembly on December 8, 2009