



CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS
330 Harbor Drive
Sitka, AK
(907)747-1811

Meeting Agenda

City and Borough Assembly

Mayor Gary Paxton
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Kevin Mosher,
Kevin Knox, Dr. Richard Wein, Valorie Nelson, Thor Christianson

Municipal Administrator: John Leach
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson

Tuesday, May 26, 2020

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[20-113](#) Reminders, Calendars, and General Correspondence

Attachments: [Reminders and Calendars](#)

[Past Due Personal Property Tax Balances](#)

[Letter from HPC to Assembly 5.20.2020](#)

[Pollnow certificate](#)

V. CEREMONIAL MATTERS

None.

VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Municipal Departments, School District, Students and Guests (five minute time limit)

A [20-111](#) Special Reports: 1) U.S. Senator Dan Sullivan, and, 2) Alaska Trollers Association: Wild Fish Conservancy Lawsuit

Attachments: [Special Reports](#)

[Alaska Trollers Association](#)

VII. PERSONS TO BE HEARD

Public participation on any item off the agenda. All public testimony is not to exceed 3 minutes for any individual, unless the mayor imposes other time constraints at the beginning of the agenda item.

VIII. REPORTS**a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other****IX. CONSENT AGENDA**

All matters under Item IX Consent Agenda are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

B [20-112](#) Approve the minutes of the May 12 Assembly meeting

Attachments: [Consent and Minutes](#)

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

None.

XI. UNFINISHED BUSINESS:**C** [ORD 20-26](#) Amending Title 2 "Administration", Chapter 2.04 "City and Borough Assembly", Section 2.04.010 "Agenda" (1st reading)

Attachments: [Motion Ord 2020-26](#)

[Ord 2020-26](#)

XII. NEW BUSINESS:**D** [ORD 20-27](#) Amending Title 2 "Administration", Chapter 2.20 "Fire Department", Section 2.20.010 "Establishment" (1st reading)

Attachments: [Motion Ord 2020-27](#)

[Ord 2020-27](#)

- E** [ORD 20-30](#) Authorizing the City to obtain a loan from the Alaska Municipal Bond Bank in a principal amount not to exceed \$7,000,000 to refinance for savings the City's outstanding loan from the Alaska Energy Authority; authorizing the issuance to the Bond Bank of a junior lien electric revenue refunding bond of the City to evidence and secure the loan; authorizing the Municipal Administrator and Chief Finance and Administrative Officer to enter into a loan agreement with the Bond Bank setting forth the terms and conditions of the loan and the refunding bond; and establishing an effective date (1st reading)
- Attachments:** [Motion Ord 2020-30](#)
 [Memo Ord 2020-30](#)
 [Ord 2020-30](#)
- F** [RES 20-19](#) Accepting Coronavirus relief funds in the amount of \$14,057,653.37 for costs that are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19), from the Alaska Department of Commerce, Community and Economic Development and authorizing the Municipal Administrator to execute the finalized grant agreement (1st and final reading)
- Attachments:** [Motion Res 2020-19](#)
 [Memo Res 2020-19](#)
 [Res 2020-19](#)
- G** [ORD 20-31](#) Making supplemental appropriations for Fiscal Year 2021 (CARES Act Funding) (1st reading)
- Attachments:** [Motion Ord 2020-31](#)
 [Memo Ord 2020-31](#)
 [Ord 2020-31](#)
- H** [ORD 20-28](#) Establishing the CARES Act Utilities Subsidization Program (1st reading)
- Attachments:** [Motion Ord 2020-28](#)
 [Memo Ord 2020-28](#)
 [Ord 2020-28](#)
- I** [ORD 20-29](#) Establishing the CARES Act Moorage Costs Subsidization Program (1st reading)
- Attachments:** [Motion Ord 2020-29](#)
 [Memo Ord 2020-29](#)
 [Ord 2020-29](#)

XIII. PERSONS TO BE HEARD:

Public participation on any item on or off the agenda. Not to exceed 3 minutes for any individual.

XIV. EXECUTIVE SESSION

Not anticipated.

XV. ADJOURNMENT

Note: Detailed information on these agenda items can be found on the City website at <https://sitka.legistar.com/Calendar.aspx> or by contacting the Municipal Clerk's Office at City Hall, 100 Lincoln Street or 747-1811. A hard copy of the Assembly packet is available at the Sitka Public Library. Regular Assembly meetings are livestreamed through the City's website, aired live on KCAW FM 104.7, and broadcast live on local television channel 11. To receive Assembly agenda notifications, sign up with GovDelivery on the City website.

*Sara Peterson, MMC, Municipal Clerk
Publish: May 22*



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 20-113 **Version:** 1 **Name:**
Type: Item **Status:** AGENDA READY
File created: 5/21/2020 **In control:** City and Borough Assembly
On agenda: 5/26/2020 **Final action:**
Title: Reminders, Calendars, and General Correspondence
Sponsors:
Indexes:
Code sections:
Attachments: [Reminders and Calendars](#)
[Past Due Personal Property Tax Balances](#)
[Letter from HPC to Assembly 5.20.2020](#)
[Pollnow certificate](#)

Date	Ver.	Action By	Action	Result
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REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, May 26	Regular Meeting	6:00 PM
Wednesday, June 3	Joint Work Session <i>with Planning Commission No Name Mountain Project</i>	6:00 PM
Tuesday, June 9	Regular Meeting	6:00 PM



Assembly Calendar

[2019](#) [Jan](#) [Feb](#) [Mar](#) [Apr](#) [May](#) [Jun](#) [Jul](#) [Aug](#) [Sep](#) [Oct](#) [Nov](#) [Dec](#) [2021](#)

May 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
26 Apr	27	28	29	30	1 May	2
Nelson Knox	Nelson Knox 3:00pm <u>GPIP - Liaison Paxton</u>	6:00pm <u>Regular Assembly Mtg</u>				
3	4	5	6	7	8	9
	6:00pm (TO BE RESCHEDULED) Board of Equalization	6:00pm Emergency Meeting: Amending Ord 2020-14	6:00pm <u>Library Commission - Liaison Christianson</u> 6:00pm <u>School Board - Liaison Mosher</u> 7:00pm <u>Planning Commission - Liaison Mosher (Knox attending)</u>			
10	11	12	13	14	15	16
	3:00pm Investment Committee - Liaison Christianson	12:00pm <u>Parks & Recreation - Liaison Knox</u> 6:00pm <u>Regular Assembly Mtg</u>	5:00pm <u>Tree & Landscape - Liaison Wein</u> 6:00pm <u>Historic Preservation - Liaison Mosher</u> 6:00pm <u>Port & Harbors Commission - Liaison Knox</u>	12:00pm <u>LEPC - Liaison Nelson</u> 1:30pm <u>Health Needs & Human Services - Liaison Wein</u>		
17	18	19	20	21	22	23
			7:00pm <u>Planning Commission - Liaison Mosher</u>			
24	25	26	27	28	29	30
	Knox	Knox 6:00pm <u>Regular Assembly Mtg</u>	Knox 6:00pm <u>Police and Fire - Liaison Nelson</u>	Knox		
31	1	Jun	2	3	4	5
			6:00pm <u>Library Commission - Liaison Christianson</u> 6:00pm <u>Joint Planning/Assembly Work Session - No Name Mountain Project</u> 7:00pm <u>Planning Commission - Liaison Mosher</u>			

Assembly Calendar

2019 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2021

June 2020

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
31 <u>May</u>	1 <u>Jun</u>	2	3	4	5	6
			6:00pm <u>Library Commission - Liaison Christianson</u> 6:00pm <u>Joint Planning/Assembly Work Session - No Name Mountain Project</u> 7:00pm <u>Planning Commission - Liaison Mosher</u>	3:00pm <u>SEDA Board - Liaison Paxton</u>		
7	8	9	10	11	12	13
		12:00pm <u>Parks & Recreation - Liaison Knox</u> 6:00pm <u>Regular Assembly Mtg</u>	5:00pm <u>Tree & Landscape - Liaison Wein</u> 6:00pm <u>Historic Preservation - Liaison Mosher</u> 6:00pm <u>Port & Harbors Commission - Liaison Knox</u>	12:00pm <u>LEPC - Liaison Nelson</u> 1:30pm <u>Health Needs & Human Services - Liaison Wein</u>		
14	15	16	17	18	19	20
			7:00pm <u>Planning Commission - Liaison Mosher</u>			
21	22	23	24	25	26	27
		6:00pm <u>Regular Assembly Mtg</u>	6:00pm <u>Police and Fire - Liaison Nelson</u> 6:00pm <u>School Board</u>			
28	29	30	1 <u>Jul</u>	2	3	4
			6:00pm <u>Library Commission - Liaison Christianson</u> 7:00pm <u>Planning Commission - Liaison Mosher</u>			



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Paxton and Assembly Members
From: John Leach, Municipal Administrator 
Date: May 19, 2020
Subject: Past Due Personal Property Tax Balances

Background

The due date for 2019 Property Taxes was August 30th, 2019 by 5:00 pm. According to SGC 4.12.150 a penalty of 15% of taxes owed has been added to delinquent accounts. In addition, an interest at a rate of 12% per year is added on the first day of each delinquent month. If the full amount is not paid by March 31, 2019, this debt would normally be turned over to a collection agency.

Analysis

Personal demand letters were sent to the delinquent account holders on 3/2/2020, in accordance with SGC 4.12.160, to address a total of 56 delinquent accounts. Most accounts were only delinquent by a few dollars or even cents, which could easily be explained by an accounting error or an incorrect estimated tax payment. Some accounts are delinquent by hundreds of dollars, and sometimes even thousands, before applying any penalties or interest. No matter the amount, each account was charged a penalty and applicable interest.

Per SGC 4.40.040 Write-off of uncollectable:

- A. Unpaid debts for which more than one hundred twenty days has elapsed since the date of the bill or invoice, and which are under a cumulative amount of two hundred dollars per customer, may be written off immediately upon approval of the finance director, if they are deemed not to be cost efficient to attempt to collect on.
- B. Unpaid debts for which more than one hundred twenty days has elapsed since the date of the bill or invoice, and which are under a cumulative amount of one thousand dollars per customer, may be written off immediately upon approval of the administrator, if they are deemed not to be cost efficient to attempt to collect on.
- C. Unpaid debts for which more than one hundred twenty days has elapsed since the date of the bill or invoice, and which are over a cumulative amount of one

thousand dollars per customer, may be written off immediately upon approval of the assembly.

- D. Any overdue debt which is not collected within ninety days shall, as a matter of accounting policy, be recorded against the allowance for uncollectable accounts when applicable under governmental accounting guidelines. Collection actions shall not cease, however, until the debt is collected, a statute of limitations is reached, or the debt is written off. Any debt recorded against the allowance for uncollectable accounts, which is subsequently recovered, shall as a matter of accounting policy be recorded as a recovery of bad debt.

Fiscal Note

Balance due in total is \$11,973.28 on 56 accounts including penalties and interest. Excluding penalties and interest, the CBS is owed \$5,494.20 in Personal Property Taxes.

Action

In accordance with SGC 4.40.040, the Municipal Administrator will forgive delinquent Personal Property Tax accounts with less than \$200 owed (before penalties and interest). All other accounts will be turned over to collections, and any account with more than \$1000 owed will be turned over to the Assembly for consideration if collection efforts are unsuccessful.

Encl: 2019 Personal Property Tax Collection List

Report Criteria:

- Include accounts with a positive balance
- * Unpaid billings and unapplied payments exist

Account Number	Primary Owner	Period	Taxes	Interest	Penalty	Miscellaneous	Balance
72017061	Aaron D Bean	12/31/2019	330.00	19.80	149.50	.00	499.30
72017013	Alaska Charter Service, LLC	12/31/2019	30.00	1.80	104.50	.00	136.30
72017015	Alaska Jewelry Inc	12/31/2019	150.00	9.00	122.50	.00	281.50
72017085	Arsenio and Marivic Carbonel	12/31/2019	210.00	12.60	131.50	.00	354.10
72017152	Arthur HEells	12/31/2019	31.20	1.86	104.68	.00	137.74
72017512	Benjamin F Timby	12/31/2019	55.80	3.36	108.37	.00	167.53
72018032	Brendan Jones	12/31/2019	90.00	5.40	113.50	.00	208.90
72017060	Brian Beall	12/31/2019	90.00	5.40	113.50	.00	208.90
72017390	Brian Pierce	12/31/2019	30.00	1.80	104.50	.00	136.30
72017093	Cheston C Clark	12/31/2019	7.80	.48	101.17	.00	109.45
72017077	Christopher M Brown	12/31/2019	4.20	.24	100.63	.00	105.07
72017268	Cody and Tara Johnston	12/31/2019	463.80	27.84	169.57	.00	661.21
72017559	Darrell E Windsor	12/31/2019	33.00	1.98	104.95	.00	139.93
72017189	David A Graham	12/31/2019	3.00	.17	85.73	.00	88.90
72018046	David C Meabon	12/31/2019	30.00	1.80	104.50	.00	136.30
72018010	Debra M Corbell	12/31/2019	24.60	1.50	103.69	.00	129.79
72017254	Donna Inman	12/31/2019	4.20	.24	100.63	.00	105.07
72017314	Frank and Mary Magnuson	12/31/2019	300.00	18.00	145.00	.00	463.00
72017108	Gail Corbin	12/31/2019	13.80	.84	102.07	.00	116.71
72017242	Housekeeping Solutions, LLC	12/31/2019	63.00	3.78	109.45	.00	176.23
72017258	J.P. Morgan Electronic Financial Service	12/31/2019	.60	.06	100.09	.00	100.75
72018008	James Dunnavant	12/31/2019	60.00	3.60	109.00	.00	172.60
72018034	Jaycie E Saunders	12/31/2019	24.00	1.44	103.60	.00	129.04
72017156	Jeremy J Erickson	12/31/2019	90.00	5.40	113.50	.00	208.90
72017409	Jesse DRanke	12/31/2019	72.00	4.32	110.80	.00	187.12
72018092	Jonathan McGraw	12/31/2019	1,050.00	63.00	257.50	.00	1,370.50
72017346	Joseph W Mudry	12/31/2019	36.60	2.22	105.49	.00	144.31
72018041	Julie Beall	12/31/2019	24.00	1.44	103.60	.00	129.04
72017282	KCCR Properties LLC	12/31/2019	60.00	3.60	109.00	.00	172.60
72017174	Keith Frederickson	12/31/2019	18.00	1.08	102.68	.00	121.76
72017288	Kelly Kirby	12/31/2019	9.00	.54	101.35	.00	110.89
72017380	Kelly Pellett	12/31/2019	30.00	1.80	104.50	.00	136.30
72018020	Kris Karsunky	12/31/2019	39.00	2.34	105.85	.00	147.19
72017557	Linda A Wilson	12/31/2019	82.20	4.92	112.33	.00	199.45
72017417	Martha Robertson	12/31/2019	17.40	1.02	102.61	.00	121.03
72017499	Matthew P Stroemer	12/31/2019	84.00	5.04	112.60	.00	201.64
72017119	Melissa Curran	12/31/2019	1.20	.06	100.18	.00	101.44
72017120	Melissa Curran	12/31/2019	3.00	.18	100.45	.00	103.63
72017515	Melody L Todd-McGraw	12/31/2019	120.00	7.20	118.00	.00	245.20
72017037	Michael L Arthur	12/31/2019	15.00	.90	102.25	.00	118.15
72017202	Michelle Hackett	12/31/2019	9.00	.54	101.35	.00	110.89
72017102	Nathan S Coble	12/31/2019	15.00	.90	102.25	.00	118.15
72018082	Noel G Hutton	12/31/2019	48.00	2.88	107.20	.00	158.08
72018026	O'Brien & Sons Construction	12/31/2019	930.00	55.80	239.50	.00	1,225.30
72018003	Patrick H Barker	12/31/2019	7.20	.42	101.08	.00	108.70
72017121	River Dailey	12/31/2019	60.00	3.60	109.00	.00	172.60
72017537	Ronald T Waldron	12/31/2019	60.00	3.60	49.00	.00	112.60
72018023	Ryan Gluth	12/31/2019	30.00	1.80	104.50	.00	136.30
72017310	Sitka Lodge No. 1350 Loyal Order of Moos	12/31/2019	270.00	16.20	140.50	.00	426.70
72018027	Stephen Sheets Alaskan Arctic Stones, LL	12/31/2019	9.00	.54	1.35	.00	10.89
72017150	Steven REdenshaw	12/31/2019	4.80	.30	100.72	.00	105.82
72017347	Sueann M Mudry	12/31/2019	120.00	7.20	118.00	.00	245.20
72017234	Theresa A Heyburn	12/31/2019	16.80	1.02	2.52	.00	20.34
72018052	Thomas H Adams	12/31/2019	9.00	.54	101.35	.00	110.89

Account Number	Primary Owner	Period	Taxes	Interest	Penalty	Miscellaneous	Balance
72017275	Tommy Joseph	12/31/2019	15.00	.90	102.25	.00	118.15
72017082	Wilbur Bundy	12/31/2019	90.00	5.40	113.50	.00	208.90
Grand Totals:			5,494.20	329.69	6,149.39	.00	11,973.28

Report Criteria:

Include accounts with a positive balance

* Unpaid billings and unapplied payments exist

**Sitka Historic
Preservation
Commission**

May 20, 2020

Dear City and Borough of Sitka Assembly Members,

The Sitka Historic Preservation Commission at its regular meeting on May 13, 2020 voted unanimously to send a letter to the Assembly expressing the Commissioner's concerns and disappointment with the Assembly's action to not reappoint Anne Pollnow to her seat on the Commission.

Commission members felt strongly that Anne's many years on the Commission along with her hard work, commitment, expertise, and willingness to volunteer with other organizations were invaluable assets to the Commission.

Commissioners were also deeply concerned with the process surrounding her reappointment consideration, including the harsh letters of criticism being read aloud publicly. We felt that the letters were an attempt to silence Anne's voice on the commission and were potentially damaging to her business and reputation. While the Stevenson Hall project was a contentious one, Anne did not act alone or in malice. We are all passionate about historic preservation and do our best to encourage best preservation practices, Anne included. Our goal on the commission has always been to promote and follow federal and state historical preservation protocols.

One member put it best, this action leaves "a festering hurt" on our Commission. We are concerned about the implications of these retaliatory actions on this Commission's future decision making authority. And beyond our own Commission, this action was detrimental to all boards and commissions – it will be hard to get people to volunteer if they will be subject to similar treatment.

We wanted to write this letter to make our thoughts known to the Assembly, and also to take a moment to voice our utmost appreciation for Anne's contribution to our Commission and the whole community. She will be sorely missed.

Sincerely,



Roberta Littlefield, Chair
Sitka Historic Preservation Commission

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*City and Borough of Sitka  
100 Lincoln Street  
Sitka, AK 99835*

**Commission Members**

*Roberta Littlefield,  
Native Community, Chair*

*James Poulson,  
Historical Society, Secretary*

*Ana Dittmar,  
At Large*

*Robert Sam,  
STA*

*Scott Saline,  
At Large*

*Candace Rutledge,  
At Large*

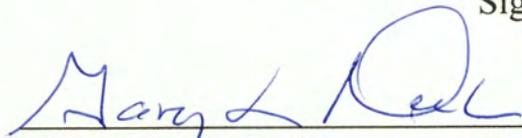
# Service Award

*On behalf of the City and Borough of Sitka is hereby awarded to*

**Anne Pollnow**

*this expression of grateful acknowledgment for your five years of valued service rendered in the public interest while serving on the Historic Preservation Commission. Thank you!*

Signed and sealed this 26<sup>th</sup> day of May 2020

  
\_\_\_\_\_  
Mayor, Gary L. Paxton

  
\_\_\_\_\_  
ATTEST: Municipal Clerk, Sara Peterson





# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 20-111      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 5/20/2020      In control: City and Borough Assembly

On agenda: 5/26/2020      Final action:

Title: Special Reports: 1) U.S. Senator Dan Sullivan, and, 2) Alaska Trollers Association: Wild Fish Conservancy Lawsuit

Sponsors:

Indexes:

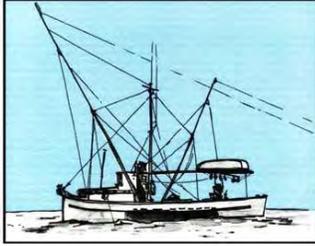
Code sections:

Attachments: [Special Reports](#)  
[Alaska Trollers Association](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

## **SPECIAL REPORTS**

- U.S. Senator Dan Sullivan
- Alaska Trollers Association - Wild Fish Conservancy's Lawsuit



## **Alaska Trollers Association**

130 Seward #205  
Juneau, AK 99801  
(907) 586-9400  
alaskatrollers@gmail.com

5/19/20

## **Common (and some not so common) Questions and Answers about the Wild Fish Conservancy's Law Suit and ATA**

### **Q: What is the Alaska Trollers Association (ATA)?**

A: ATA is a democratic organization that speaks for the Troll Industry. It is completely funded by fees and donations from the nearly 400 (and growing) dues paying members. ATA is listed as a non-profit corporation with Alaska's Department of Commerce, Community, and Economic Development (DCCED). At 92 years old ATA is the oldest fisheries organization on the North American West Coast.

### **Q: Who does ATA represent?**

A: ATA is the recognized representative of the more than 1,000 active power troll and 400 hand troll permit holders that fish in Southeast Alaska (SEAK). ATA also represents the troll interests of SEAK communities where 83% of active trollers live. ATA's office is in Juneau. In Sitka ATA speaks for the 400 local family business that commercial troll and another 200 plus business that sell fish in Sitka. As many as 400 troll permits have winter trolled in Sitka Sound.

### **Q: What are trollers?**

A: Trollers are small boats ranging in size mostly from 15' skiffs to 58' freezer boats. Trollers mainly target Chinook and Coho salmon but also harvest chum and pink salmon. Trolling, catching one fish at a time, is an artisan fishery done with hook and line. Trollers are easily recognized by their long trolling poles and make up most of the classic fishing fleet that so appeals to SEAK visitors.

### **Q: What's happening?**

A: A Puget Sound based environmental group, the Wild Fish Conservancy (WFC), is suing the National Marine Fishery Service (NMFS) over NMFS's Biological Opinion (BI-OP). A BI-OP is required to allow the harvest of some of the Chinook salmon that are managed under the international agreement between Canada and the U.S. This agreement is called the Pacific Salmon Treaty (PST).

### **Q: What is the Issue?**

A: The WFC claims that SEAK have no legitimate claim to 97% of the Chinook guaranteed to SEAK under the PST. The WFC claims these Chinook belong to British Columbia (B.C.) and the Pacific Northwest U.S. The WFC also claim that these Chinook are vital prey for a small Pod of

Southern Resident Killer Whales (SRKW). Biologists named this Pod the “L Pod”.

The WFC maintains that only large mature Chinook (only wild Chinook, not hatchery) are the primary prey of SRKW. The WFC insists that the “L Pod” is dying from starvation. ATA, NMFS, and the science disputes this.

SEAK harvest rights are protected by an international Treaty Agreement and by a tradition of thousands of years of historic use. Lower 48 origin Chinook (the % of which is much lower than the WFC claimed 97%) in SEAK spend more of their lives in Alaskan waters than in lower 48 waters. They mature and grow by preying on Alaska's feed stocks (like herring and needle fish) which live in Alaska's pristine habitat. Unlike Puget Sound SEAK waters have no **polychlorinated biphenyl (PCB)**, no fish farms, and (so far) little critical habitat loss. While the “L Pod” population has slightly declined in recent years other SRKW populations, such as the Vancouver Island Population and the Southern Alaska Population, have doubled and tripled in size.

**Q: Does the SE Chinook fishery actually have a substantial effect on endangered Chinook stocks?**

A: The stocks of primary concern are Puget Sound Chinook. These stocks are listed as Threatened under the Endangered Species Act. According to the NMFS it is rare that Puget Sound Chinook venture north of B.C.'s Haida Gwaii (formerly The Queen Charlotte Islands) let alone get caught in SEAK.

Appendix B6 of the latest ADF&G Genetic report; (<https://www.adfg.alaska.gov/FedAidPDFs/FDS18-01.pdf>) indicates that only ~3/10th of 1% of the troll kings caught in July of 2016 were from Puget Sound.

From Appendix D1;

Look at The Pacific Salmon Commission's Chinook Technical Committee's latest report (which is accessible at <https://www.psc.org/publications/technical-reports/technical-committee-reports/chinook/>. See the link to report *TCChinook (19)-2 V2.*)

The entire SE all-gear catch historically accounts for only 3/10 of 1% of the Puget Sound return.

**Q: Why does ATA disagree with WFC?**

A: WFC says that Southern Resident Killer Whales (SRKW) are starving and the SEAK Chinook harvest is, "Taking Chinook out of the mouths of starving baby killer whales". The science contradicts this saying that SRKW are suffering from the highest concentration of PCBs of any mammal on earth. PCB contamination severely impacts birth rates and calf survival. The “L Pod” and their Puget Sound Chinook prey have been decimated by habitat loss, industrial pollution, fish farms, and all the accoutrements of the fastest growing megalopolis in the U.S.

At the same time that the "L Pod" of SRKW were declining in population other SRKW populations have doubled and tripled. Some marine biologists say that, "These other SRKW may have, in fact, reached carrying capacity".

The science demonstrates that the “L Pod” as Apex Predators are suffering from the highest **polychlorinated biphenyl (PCB)** contamination of any marine mammal on earth. The WFC

insist that SRKW eat as many as 380 contaminated Chinook/day. The FDA recommends that humans eat no more than 1lb of Puget Sound's contaminated Chinook/month. PCBs are stored in fat. This PCB contamination impacts the L Pod's survival as a nursing Orca's milk contains 40% fat.

**Q: What is this suit about?**

A: The WFC has sued National Marine Fisheries Service (NMFS) alleging that there was insufficient analysis to show that endangered king stocks and SRKW wouldn't be harmed by the king salmon harvest levels allowed under the 2019 treaty.

**Q: Will the law suit just affect trollers?**

A: All SE Chinook fishermen would see reductions in allowable catch if the quota is reduced. Trollers, charter fishermen, resident sport fishermen, seiners and gillnetters will all be affected.

**Q: How soon could SEAK be affected:**

A: The WFC has asked for an injunction that would go into effect just before the July 1 troll opener.

**Q: What is the injunction asking for?**

The WFC injunction seeks to close federal waters to Chinook fishing on July 1 onward.

**Q: What are Federal Waters?**

A: Federal waters are all water more than three (3) miles off shore.

**Q: When will a decision be made on the injunction?**

A: Anywhere between now and July 1. We are waiting for the Seattle judge to make her decision.

**Q: Will the injunction only effect the troll fishery if it is successful?**

A: Maybe (Yes), the injunction only focuses on the federal water troll fishery. However, the main lawsuit asks for a review of NMFS's paperwork. A rewritten report could reduce Alaska's all-gear quota. That is a much larger threat to us and a threat to all Chinook fishermen in SEAK. ATA's Attorney is not sure how the injunction will effect sport fishing. Again this is for the Judge to decide. By July 1st most of the sport Chinook harvest will have already occurred.

**Q: How does this affect SEAK/Sitka?**

A: The Treaty sets the Chinook quota for all SE Chinook fishermen. If the court decides that the SE catch jeopardizes endangered species the quota could be further reduced.

**Q: How does this directly affect the City & Borough of Sitka's financial picture?**

A: A reduction in the allowable catch of Chinook would reduce the amount of the Fish Box tax from the charter catch and the Raw Fish tax collected from the troll catch (and other commercial fisheries).

**Q: How does this economically affect the community of Sitka?**

A: In addition to the lodges, charter guides and commercial fishermen that are directly affected, a

reduction in Chinook catch would also reduce demand for fish processing workers & gear sales. Reduced fishing effort would mean fewer purchases of food, fuel, bait, transient moorage etc. Furthermore, NSRAA which receives 3% of the value of all commercial kings caught in Northern SE (not just Sitka) would see a reduction in revenue.

**Q: What has ATA done in response?**

A: ATA has hired Thane Tienson of Portland Oregon who's a Partner with Landye, Bennett, and Blumstein. This statement is from Mr. Tienson's resume; "For the past 30 years, I have been actively involved in representing the interests of the commercial and recreational fishing industries and environmental and conservation groups and local governments in advocacy and litigation over fisheries, environmental and water quality issues in Oregon, Washington, and Alaska, and public access to navigable rivers and lakes." We have enjoined the lawsuit as the only Alaskan entity represented in court to make sure that SE Alaskans have a seat at the table rather than rely on the Federal Government for our sole representation. ATA filed all relevant paperwork by the May 11<sup>th</sup> deadline in Seattle's Federal Court.

**Q: Why does ATA not believe NMFS will represent our interests in this?**

A: ATA believes Alaskan interests are more knowledgeably represented by Alaskan fishermen than by a Federal agency. ATA realizes that SEAK would be better represented by the Alaska Region of NMFS than by Pacific North West region (Seattle based) NMFS. Unfortunately, WFC is disputing the SEAK Chinook Quota permitted by the Pacific North West region of NMFS in Seattle's Federal Court. The Puget Sound area has been flooded for over a year with PR about SRKWs. Often this PR incorrectly paints chinook harvest in SEAK as the cause of the L Pod's issues.

**Q: Why isn't the State supporting ATA's position?**

A: Good question. It's unclear. Why isn't the State supporting the Alaska Marine Highway system?

**Q: What is ATA's ask?**

A: We need funds to pursue Alaska's defense in this matter because the State is doing nothing.

**Q: Why should The CBS support ATA's Legal Fund in fighting the WFC's suit?**

A: This suit not only threatens the troll industry it puts SEAK aquaculture and the region's economy in jeopardy. Why should and how can commercial fishermen pay for production they're not allowed to harvest? In terms of king salmon alone, Trollers contribute more money to all of SEAK's aquaculture Chinook production than any other gear group. Most of the productive Chinook grounds in the Sitka area are outside of three miles. If trollers can't fish off-shore then NSRAA and SSRAA will have less critical funding to produce King. Also doing so makes no business sense. Other Alaskan gear groups are also threatened by this suit.

**CONCLUSION**

ATA's intervention in the WFC suit is the only response by any Alaskan entity to this very real but ridiculous threat. The suit threatens the economic base of Sitka and all of SEAK.

Links to articles that are pertinent for anyone interested:

[Race is on to rid UK waters of PCBs after toxic pollutants found in killer whale](#)

[Resident orcas' appetite likely reason for decline of big Chinook salmon](#)

[New theory rethinks spread of PCBs and other toxics in Puget Sound](#)

[Harvest managers setting this year's salmon seasons struggle to find ways to help orcas | Puget Sound Institute](#)

[Impossible Choices: The Complicated Task of Saving Both Orca and Salmon](#)

[Are the orcas starving? Scientists say it's not that simple | Puget Sound Institute](#)

[NOAA Fisheries Analysis Shows West Coast Fisheries Take Small Proportion Of Available Chinook For Southern Resident Killer Whales - Columbia Basin Bulletin](#)

[Welcome to the Wild Fish Conservancy Northwest Homepage — Wild Fish Conservancy](#)

[To save endangered orcas, halt Southeast Alaska's Chinook salmon fishery — Wild Fish Conservancy](#)



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 20-112      Version: 1      Name:  
Type: Item      Status: AGENDA READY  
File created: 5/20/2020      In control: City and Borough Assembly  
On agenda: 5/26/2020      Final action:  
Title: Approve the minutes of the May 12 Assembly meeting  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Consent and Minutes](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

# CONSENT AGENDA

## POSSIBLE MOTION

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I MOVE TO APPROVE THE CONSENT AGENDA  
CONSISTING OF ITEM A

I wish to remove Item(s) \_\_\_\_\_

**REMINDER – Read aloud a portion of each item being  
voted on that is included in the consent vote.**

#

#

Should this item be pulled from the Consent Agenda the following motion is suggested:

**POSSIBLE MOTION**

**I MOVE TO** approve the minutes of the  
May 12 Assembly meeting.



# CITY AND BOROUGH OF SITKA

ASSEMBLY CHAMBERS  
330 Harbor Drive  
Sitka, AK  
(907)747-1811

## Minutes - Draft

### City and Borough Assembly

*Mayor Gary Paxton*  
*Deputy Mayor Steven Eisenbeisz,*  
*Vice Deputy Mayor Kevin Mosher,*  
*Kevin Knox, Dr. Richard Wein, Valorie Nelson, Thor Christianson*

*Municipal Administrator: John Leach*  
*Municipal Attorney: Brian Hanson*  
*Municipal Clerk: Sara Peterson*

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Tuesday, May 12, 2020

6:00 PM

Assembly Chambers

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#### REGULAR MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

Knox and Eisenbeisz participated by videoconferencing.

**Present:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

#### IV. CORRESPONDENCE/AGENDA CHANGES

No agenda changes.

#### 20-109

Reminders, Calendars, and General Correspondence

#### V. CEREMONIAL MATTERS

None.

#### VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Municipal Departments, School District, Students and Guests (five minute time limit)

#### VII. PERSONS TO BE HEARD

Matt Donohoe informed of a lawsuit from the state of Washington claiming that the whales are starving because of fishing in Alaska. Philip Younger encouraged to embrace the value of the tourism industry and stated the need to support for safe openings of the lodges and charter fishing industry. Charles Bingham encouraged a

slow and measured approach to reopening the community.

## VIII. REPORTS

### a. Mayor, b. Administrator, c. Attorney, d. Liaison Representatives, e. Clerk, f. Other

Mayor - Paxton thanked the citizens for their endurance and for helping each other.

Administrator - Leach reported he would be busy with CARES Act funding deadlines. He recognized staff's hard work.

Attorney - Hanson thanked his assistant.

Liaison Representatives - Wein reported on the Emergency Operations Center meeting. Knox told that the Port and Harbors Commission would meet May 13. He reported on the Parks and Recreation Committee meeting.

Clerk - Peterson told of board and commission vacancies.

## IX. CONSENT AGENDA

**A motion was made by Mosher that the Consent Agenda consisting of item A be APPROVED. The motion PASSED by the following vote.**

**Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

- A 20-103** Approve the minutes of the April 23, April 28, and May 5 Assembly meetings
- This item was **APPROVED ON THE CONSENT AGENDA.**

## X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

None.

## XI. UNFINISHED BUSINESS:

- B ORD 20-10** An Emergency Ordinance of the City and Borough of Sitka making a supplemental appropriation to the FY2020 budget per Section 11.10(a) of the Home Rule Charter of the City and Borough of Sitka (*second reading - first reading of the emergency ordinance was approved March 16*)
- Municipal Administrator John Leach reminded this was emergency funding set aside, that \$41,000 had been spent to date of supplies and contract purchase services.
- A motion was made by Mosher that this emergency ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.**
- Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson
- C ORD 20-17** Adopting budgets and capital improvement plans for the General Fund, Internal Service Funds, and Special Revenue Funds for the fiscal year July 1, 2020 through June 30, 2021

**A motion was made by Mosher that this ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Eisenbeisz, Knox, Paxton, and Mosher

**No:** 2 - Wein, and Nelson

**D ORD 20-18**

Adopting the budget and capital improvement plan for the Electric Fund for the fiscal year July 1, 2020 through June 30, 2021

George Paul was not in support and felt that grants from COVID-19 should supplement rate increases.

Nelson was not in support and felt the community was hurting. Mosher commented that there was a 2.5% rate increase, felt that the budget was an educated guess due to the climate, and that adjustments could be made later.

**A motion was made by Christianson that this ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Eisenbeisz, Knox, Paxton, and Mosher

**No:** 2 - Wein, and Nelson

**E ORD 20-19**

Adopting the budget and capital improvement plan for the Water Fund for the fiscal year July 1, 2020 through June 30, 2021

**A motion was made by Mosher that this ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Eisenbeisz, Knox, Paxton, and Mosher

**No:** 2 - Wein, and Nelson

**F ORD 20-20**

Adopting the budget and capital improvement plan for the Wastewater Fund for the fiscal year July 1, 2020 through June 30, 2021 and amending Title 15 "Public Utilities" of the Sitka General Code to increase Section 15.04.320 "Rates and Fees"

**A motion was made by Christianson that this ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Eisenbeisz, Knox, Paxton, and Mosher

**No:** 2 - Wein, and Nelson

**G ORD 20-21**

Adopting the budget and capital improvement plan for the Solid Waste Fund for the fiscal year July 1, 2020 through June 30, 2021 and amending Title 15 "Public Utilities" of the Sitka General Code to increase solid waste disposal rates in Section 15.06.020 "Solid Waste Disposal Policy and Rates," Section 15.06.035 "Rates for Treatment and Collection," and Section 15.06.045 "Transfer Station Drop-Off Charges and Special Refuse Collection Charges"

**A motion was made by Mosher that this ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Eisenbeisz, Knox, Paxton, and Mosher

**No:** 2 - Wein, and Nelson

- H     ORD 20-23**     Adopting budgets and capital improvement plans for the Airport Terminal Fund, the Marine Service Center Fund, and the Gary Paxton Industrial Park Fund for the fiscal year July 1, 2020 through June 30, 2021

**A motion was made by Christianson that this ordinance be APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 6 - Christianson, Eisenbeisz, Knox, Paxton, Mosher, and Nelson

**No:** 1 - Wein

- I     ORD 20-22**     Adopting the budget and capital improvement plan for the Harbor Fund for the fiscal year July 1, 2020 through June 30, 2021

**A motion was made by Christianson that this ordinance by APPROVED on SECOND AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Eisenbeisz, Knox, Paxton, and Mosher

**No:** 2 - Wein, and Nelson

- J     RES 20-10**     Increasing permanent and temporary moorage rates and other harbor fees and charges (*Action on this item was postponed at the April 28 meeting*)

Matt Donohoe was not in support and told of the fishing industry and market. He felt there must be a way to avoid repairs and to live with what we had. He stated the Harbor Master Plan needed to be readdressed. Kari Johnson Fish asked to consider not increasing moorage at this time especially with the environment and noted the impacts to the fishing industry and the market. Lexi Hackett stated the fishing industry would keep employing and it needed nurturing. She wondered if the increase was necessary this year.

Wein agreed with the fishing industry and market, and felt the process was broken prior to the Crescent Harbor project wondering if it needed to be replaced. He stated the fee increases were unsustainable and felt that the CARES Act funding could be eligible for relief. Paxton thought the state would use CARES Act funding for fisheries. Christianson thought to use CARES Act funding for harbor rates. He reminded that the increase was recommended by the Port and Harbors Commission and if there was not a rate increase this year, it would be much higher next year. Mosher was not in support and felt the community could not afford the rate increase. He thought that projects could be pushed out into the future so that drastic increases wouldn't be needed. Nelson was not in support and stated that rates could not keep raising as it would encourage harbor users to trailer and there would be a decline of filled harbor stalls. Knox stated the Port and Harbors Commission was firm on the Master Plan and the next three years of increases. He told of the increasing cost of delaying projects. He thought the Harbor Fund and Master Plan needed to be looked at. He mentioned that eliminating an entire harbor system wouldn't solve the problem as it eliminated the revenue as well. He told that there was a lot of time at the commission level spent that allowed for public comment. Eisenbeisz wondered of the discrepancies between the public and the Port and Harbors Commission. Wein commented of his presence at the Port and Harbor Commission meeting and mentioned rate leveling rather than a lower rate this year and higher next.

Public Works Director Michael Harmon clarified the history of Crescent Harbor and

funds spent. He told of invasive species on floats that were not able to be reused according to federal laws. He stated that in 2012, ANB Harbor was replaced. Municipal Administrator John Leach reminded that the budgeted increases would affect the outcome of the previously passed budget ordinance for the Harbor Fund for FY 2021. Chief Finance and Administrative Officer Jay Sweeney explained the code requirement of a resolution to raise moorage rates.

**A motion was made by Christianson that this resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Eisenbeisz, Knox, Wein, and Paxton

**No:** 2 - Mosher, and Nelson

## **XII. NEW BUSINESS:**

### **K 20-108**

Rescind the motion at the April 14 Assembly meeting approving Emergency Ordinance 2020-14 requiring all people arriving in Sitka, without exception unless determined a critical healthcare worker, to self-quarantine for 14 days before working for critical workforce infrastructure businesses and requiring such businesses to submit a protection plan to the City and Borough of Sitka that must be approved by the Municipal Administrator

Theresa Helem hoped to open up the city and stated the longer things were kept closed, the worse it would be. George Paul felt that Sitka had been locked down for longer than the standard 14 days. He urged to eliminate the 14 day self quarantine and to follow state mandates. Eric Jordan felt that the 14 day self-quarantine was important and it was Assembly responsibility to keep Sitka safe. He was in support of extending the self-quarantine until May 26. Monica Eastham did not feel that canceling the ordinance was the way to proceed. She felt that masks should be mandatory in public. Jennifer Carter said that Sitka remained one of the safest cities in part because of the collective behavior. She urged the Assembly to not rescind the ordinance. Bob Medinger was in support of extending ordinance 2020-14 and noted the exceptional job at limiting the infections and deaths. He noted the potential impacts of allowing non-quarantined visitors that may bring the virus to Sitka.

Nelson felt it was important to rescind ordinance 2020-14. She told that the state mandated a self-quarantine for 14 days. She noted the construction projects that were being impacted and told of concerns with overall mental health. She stated those at high risk should stay home. Christianson said he understood the fatigue of hunkering down but stated that when the state relaxed, Sitka would too. He was in support of a short list of exceptions that wouldn't have to self-quarantine, but noted the risk. Knox stated that the state mandate expired on May 19 and did not feel that the Governor indicated that it would be extended. He was not in support of rescinding. Wein felt that the ordinance had served its purpose. He noted that risk could be mitigated but not eliminated. He noted the confusion the ordinance created for contractors and felt that it inhibited conducting business. He felt the move to state mandates was appropriate. Paxton pointed out that Sitka was well prepared to follow state mandates and felt that Sitka had the capacity to handle the virus. Mosher noted that state mandates were still in effect and projects needed to be done. He felt the ordinance was to flatten the curve and that Sitka could not be completely isolated. He suggested being careful but that some risk must be accepted.

Municipal Administrator John Leach confirmed the state mandates still existed for the 14 day self-quarantine and that the mandate would be reevaluated on May 19. He

stated the ordinance confused businesses.

**A motion was made by Mosher to rescind the motion at the April 14 Assembly meeting approving Emergency Ordinance 2020-14 requiring all people arriving in Sitka, without exception unless determined a critical healthcare worker, to self-quarantine for 14 days before working for critical workforce infrastructure businesses and requiring such businesses to submit a protection plan to the City and Borough of Sitka that must be approved by the Municipal Administrator. The motion PASSED by the following vote.**

**Yes:** 5 - Eisenbeisz, Wein, Paxton, Mosher, and Nelson

**No:** 2 - Christianson, and Knox

**L RES 20-17**

Urging the people in the City and Borough of Sitka to follow the State of Alaska COVID-19 Health Mandates and continue to practice appropriate public health protocols to limit the spread of COVID-19

Jennifer Carter asked to approved the resolution which would continue to protect the health of the community.

Wein felt this was following common sense. He noted that there were no successful vaccinations or treatments for COVID-19. Nelson felt that the resolution was unenforceable. She told of clerical errors. Mosher appreciated the intent but was not in support. He said that Sitkans were doing the right thing, had good common sense, and may seem condescending. He stated that it was not enforceable. Knox felt there was a lot of non-compliance and this reiterated the importance of requirements and recommendations. Eisenbeisz reminded those that might be at risk to take appropriate measures and stated that there were still state mandates to follow. He felt that the ordinance singled out commercial fishing and processing and noted that the seasonal workforce was large and diverse. Christianson felt like this resolution was supporting the state and wasn't too concerned with the wording. He was in support and felt it reminded people of the state's requirements/recommendations. He said that if it stopped one or two infections, it had achieved the job.

**A motion was made by Christianson that this resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 5 - Christianson, Eisenbeisz, Knox, Wein, and Paxton

**No:** 2 - Mosher, and Nelson

**M 20-105**

Waive and accept late applications filed for the "Senior Citizen Exemption" to real property taxes: Sandra Greba, Beth Kindig, and Karen Lucas

Wein was in support of the request by the applicants. Eisenbeisz thanked staff for working with the citizens although realized that there was code to follow, he was in support of allowing for instances such as this.

Municipal Administrator John Leach thanked Assessor Larry Reeder for his work through this process.

**A motion was made by Nelson to waive and accept late applications filed for the "Senior Citizen Exemption" to real property taxes: Sandra Greba, Beth Kindig, and Karen Lucas. The motion PASSED by the following vote.**

**Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

**N 20-106**

Approve the City and Borough of Sitka Athletic Field Use Policy and Guidelines as recommended by the Parks and Recreation Committee

Knox had some questions for staff and offered to possibly postpone this until the next regular meeting.

**A motion was made by Christianson to POSTPONE this item to the next regular Assembly meeting on May 26. The motion PASSED by the following vote.**

**Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

**O 20-104**

Discussion / Direction / Decision regarding a recommendation whether to enter negotiations on a final contract with a developer to construct, maintain, and operate a haulout and shipyard at the Gary Paxton Industrial Park in accordance with the Request for Proposal

Gary Paxton Industrial Park (GPIP) Board Director Garry White gave history of the proposals and the process. He stated the GPIP Board was asking for the Assembly to approve the process which would allow city staff to negotiate with the company.

Kelly Warren went over the proposed plan to operate and manage the marine haulout noting that construction would take place in three phases. He told that phase 1 estimated to be completed in June of 2021 and vessels would be able to be hauled out after phase 1 was complete. He stated the haulout had no affiliation with Silver Bay Seafoods. Although the number was yet to be quantified, he confirmed that boats from 35 feet to 300 tons would be able to be hauled out without much time in the conversion to accommodate different sized vessels. Dan Cooper spoke to possible funding coming from the Southeast Economic Development Fund with repayment and that phase 1 would cost approximately \$1.5 million. He stated phase 1 would consist of constructing what was necessary, the lift, wash rack, small offices, and electric service in the yard. He told of the insurance requirement and felt that any environmental insurance policy would be absorbed.

Public Comment:

Jeremy Serka, a member of a local haulout group was looking at an agreement to use a lift and land. He said the group would come up with their own funding, had a business plan, but did not get a proposal in. Serka asked the city to not give away the property. Chris Hanson stated the haulout facilities are lacking in Sitka but would like to be able to haulout in Sitka. He told of haulout needs of slings, a pier, and a travel lift. He said a RFP requirement was to be able to haulout boats of 32 feet. He had concerns with the proposal stating it was geared toward larger boats. Greg Miller stated the plant and electrical was on the property and would be willing to work with a developer. He stated he was working with the local haulout group. Rob Allen recommended delaying making a commitment to negotiate with either party on the construction and operation. He stated the low scoring on important elements of the proposal and said that waiting or requiring better proposals would be in the best interest of the city. Michael Nurco urged to have a municipal body created to control how the lands at the new boat/shipyard are used and gave the example of a Port Authority. He asked to hold off on committing to either of the replies of the RFP. George Paul felt that the plan presented was good and it would bring tax money into Sitka.

Nelson told of concerns with regards to not being able to accommodate smaller vessels. She stated she was willing to give 30 days to see if the proposal would work.

Christianson stated concerns and confirmed that the machine to be used was a lift and not a trailer. He added that Allen Marine was hauling boats out and didn't feel that the

timing was as critical as it was prior to the COVID-19 pandemic. He wondered about the grant availability and if there could be communication with both groups. Knox told of concerns and brought up the idea of having a co-op. He stated he would like some concrete design perimeters and mechanics laid out of the proposal on how it would operate. He noted the piece of machinery they would use for haulouts was unique. Eisenbeisz stated his concerns with the insurance and the capability of the machine. Mosher told of the RFP process and that it should move forward as he felt that it was important to follow policy. Paxton noted the ability to reject the proposal, that it was a negotiation. Wein felt that by going with the RFP route, it was lost time and would rather have the city organize it. He thought that if the grants were obtained, that was the better plan. He was not in support of the negotiations.

Municipal Attorney Brian Hanson advised that the Assembly could move forward with the negotiations or reject all bids. He clarified that the proposals could be rejected if all the bids were unresponsive, but not for a late bidder submitting a proposal. Municipal Administrator John Leach commented that it should take no longer than 30 days for negotiations.

**A motion was made by Nelson to direct the Administrator to enter negotiations on a final contract with WC Enterprises to construct, maintain, and operate a haulout and shipyard at the Gary Paxton Industrial Park in accordance with the RFP.**

**Yes:** 5 - Christianson, Knox, Paxton, Mosher, and Nelson

**No:** 2 - Eisenbeisz, and Wein

**P RES 20-11**

Authorizing the Municipal Administrator to apply for a Build 2020 Grant with the U.S. Department of Transportation (USDOT) for \$6,539,200 with a 20% match commitment to support haulout infrastructure at the Gary Paxton Industrial Park (GPIP) *(1st and final reading)*

Garry White SEDA Executive Director stated that a haulout was a main strategy of the Gary Paxton Industrial Park. He said that the grant would be if negotiations fell through with the RFP. It could work in conjunction with the proposal.

Municipal Administrator John Leach told that the grant was due on May 19th. He felt like this could be worked in with negotiations or as a back up plan. He told of the high marks on the cost benefit analysis.

Wein was in support.

**A motion was made by Nelson that this resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

**Q RES 20-12**

Authorizing the Municipal Administrator to apply for a Build 2020 Grant with the U.S. Department of Transportation (USDOT) for \$7,378,320 with a 20% match commitment to support the reconstruction of the port wall and crane at the Marine Services Center *(1st and final reading)*

Garry White SEDA Executive Director told of the SEDA Board of Directors meeting in May of 2019 with users of the Marine Service Center (MSC) and heard how important the MSC was to the local fishing fleet.

Municipal Administrator John Leach told of different grant opportunities and the

strategy and options of them.

Jeremy Serka wondered if there was a match requirement and where that funding would come from.

**A motion was made by Nelson that this resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

**R RES 20-18**

Authorizing the Municipal Administrator to apply for a Port Infrastructure Development Program (PIDP) 2020 Grant with the U.S. Department of Transportation (USDOT) for \$7,378,320 with a 20% match commitment to support the reconstruction of the Port Wall and Crane at the Marine Services Center (MCS) *(1st and final reading)*

Wein wondered if the Marine Service Center grant was a competitor of this.

Municipal Administrator John Leach went over the strategy and requirements of the grant. He noted that authorizing him to execute the grant didn't mean that the city would get them or accept them.

**A motion was made by Mosher that this resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

**T RES 20-13**

Approving Sitka's participation in a proposed refinancing by the Alaska Municipal Bond Bank of certain of its 2010 general obligation bonds, which provided funds to purchase electric revenue bonds issued by Sitka to the Bond Bank under a loan agreement between Sitka and the Bond Bank; authorizing the Municipal Administrator and Chief Finance and Administrative Officer to enter into an amendatory loan agreement with the Bond Bank setting forth revised debt service schedules for the loans evidenced by Sitka's 2010 bonds, in accordance with the 2010 loan agreement, if the Bond Bank successfully refinances its 2010 bonds; authorizing the issuance of amended electric revenue bonds to the Bond Bank to evidence the refinanced loans; and establishing an effective date *(1st and final reading)*

By general consensus the Assembly moved item S after item W.

Chief Finance and Administrative Officer Jay Sweeney went over the structure of the borrowing from the Bond Bank Authority and gave an overview of the process. He told of interest rates, value proposition, the call date, advanced refunding, and refinancing.

Bond Counsel David Thompson stated the result in savings to refinance the bonds with a lower interest rate. Director Fred Eoff with PFM Financial Advisors LLC, gave history of the market and highlighted the interest rate. He told of savings.

Wein noted savings and wondered if it affected the escrow account.

**A motion was made by Mosher that this resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

- U RES 20-14** Approving Sitka's participation in a proposed refinancing by the Alaska Municipal Bond Bank of certain of its bonds issued in 2013 and 2014, which provided funds to purchase electric revenue bonds issued by Sitka to the Bond Bank under loan agreements between Sitka and the Bond Bank; authorizing the Municipal Administrator and Chief Finance and Administrative Officer to enter into one or more amendatory loan agreements with the Bond Bank setting forth revised debt service schedules for the loans evidenced by Sitka's bonds, in accordance with the applicable loan agreements, if the Bond Bank successfully refinances its bonds; authorizing the issuance of refunding electric revenue bonds to the Bond Bank to evidence the refinanced loans; and establishing an effective date *(1st and final reading)*

**A motion was made by Christianson that this resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

- V RES 20-15** Approving Sitka's participation in a proposed refinancing by the Alaska Municipal Bond Bank of its bonds that provided funds to purchase Sitka's Harbor Facilities Revenue Bond, 2013, issued by Sitka to the Bond Bank under a loan agreement between Sitka and the Bond Bank; authorizing the Municipal Administrator and Chief Finance and Administrative Officer to enter into an amendatory loan agreement with the Bond Bank setting forth a revised debt service schedule for the loan evidenced by Sitka's 2013 bond, in accordance with the 2013 loan agreement, if the Bond Bank successfully refinances its 2013 Bonds; authorizing the issuance of an amended harbor revenue bond to the Bond Bank to evidence the refinanced loan; and establishing an effective date *(1st and final reading)*

**A motion was made by Nelson that this resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

- W RES 20-16** Approving Sitka's participation in a proposed refinancing by the Alaska Municipal Bond Bank of its bonds that provided funds to purchase general obligation bonds issued by Sitka to the Bond Bank under loan agreements between Sitka and the Bond Bank; authorizing the Municipal Administrator and Chief Finance and Administrative Officer to enter into one or more amendatory loan agreements with the Bond Bank setting forth revised debt service schedules for the loans evidenced by Sitka's bonds, in accordance with the applicable loan agreements, if the Bond Bank successfully refinances its bonds; authorizing the issuance of refunding general obligation bonds to the Bond Bank to evidence the refinanced loans; and establishing an effective date *(1st and final reading)*

**A motion was made by Nelson that this resolution be APPROVED on FIRST AND FINAL READING. The motion PASSED by the following vote.**

**Yes:** 7 - Christianson, Eisenbeisz, Knox, Wein, Paxton, Mosher, and Nelson

- S 20-107** Discussion on CARES Act fund distribution programs

**A motion was made by Christianson to EXTEND the meeting to 11:00 p.m. The**

**motion FAILED by the following vote.**

**Yes:** 5 - Christianson, Knox, Wein, Paxton, and Mosher

**No:** 2 - Eisenbeisz, and Nelson

Nelson stated she would like a CARES Act work session. Christianson felt a discussion was needed of the possibility to assist citizens with utilities and harbor moorage from funding received. Mosher added, to use the money in an equitable and effective way that followed guidelines and thought to form a subcommittee on how to spend the remaining money. Wein was in support with a work session. He stated a work group was needed to establish guidelines for the fairest way to move forward. Paxton thought to identify businesses that needed help but how to create a system would be a challenge.

Municipal Administrator John Leach felt that prioritization and guidelines would be helpful.

Public Comment:

Robin Sherman Program Manager for the Sitka Legacy Fund urged to include Sitka's non-profit businesses for CARES Act distribution. Pat Kehoe asked for assistance for small businesses. Frances Donohoe encouraged to use a part of the CARES Act funds to help relieve small businesses.

**X     ORD 20-26           Amending Title 2 "Administration", Chapter 2.04 "City and Borough Assembly", Section 2.04.010 "Agenda" (1st reading)**

This item would be placed on the next regular Assembly meeting under Unfinished Business as there was not sufficient time remaining in the meeting for this item to be addressed prior to the automatic adjournment of 10:30 p.m.

**XIII.   PERSONS TO BE HEARD:**

None.

**XIV.   EXECUTIVE SESSION**

None.

**XV.   ADJOURNMENT**

**A motion was made by Mosher to ADJOURN. Hearing no objections, the meeting ADJOURNED at 10:28 p.m.**

**ATTEST:** \_\_\_\_\_

**Melissa Henshaw, CMC  
Deputy Clerk**



# CITY AND BOROUGH OF SITKA

## Legislation Details

---

File #: ORD 20-26    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 5/5/2020    In control: City and Borough Assembly

On agenda: 5/26/2020    Final action:

Title: Amending Title 2 "Administration", Chapter 2.04 "City and Borough Assembly", Section 2.04.010 "Agenda" (1st reading)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2020-26](#)  
[Ord 2020-26](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

Sponsors: Nelson / Christianson

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2020-26 on first reading amending Title 2 “Administration”, Chapter 2.04 “City and Borough Assembly”, Section 2.04.010 “Agenda”

Note: This item was scheduled for first reading on May 12, 2020; however, there was insufficient time in the meeting to address the item.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-26

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 2 "ADMINISTRATION", CHAPTER 2.04 "CITY AND BOROUGH ASSEMBLY", SECTION 2.04.010 "AGENDA"

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. PURPOSE. The purpose of this ordinance is to revise the order of business of Assembly meetings by moving "Municipal reports from mayor, administrator, attorney, liaisons, clerk and other, not to exceed three minutes per report" to the end of the meeting.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 2 "Administration", Chapter 2.04 "City and Borough Assembly", Section 2.04.010 "Agenda" is amended to read as follows (deleted language stricken, new language underlined):

Title 2
ADMINISTRATION

Chapters:

2.04 City and Borough Assembly

\*\*\*

Sections:

2.04.010 Agenda.

\*\*\*

2.04.010 Agenda

A. At all regular meetings, the order of business shall be:

- 1. Call to order;
2. Flag salute;
3. Roll call;
4. Correspondence and changes to agenda;
5. Ceremonial matters: proclamations, presentations, awards;
6. Special reports: government-to-government, municipal boards/commissions, committees, municipal departments, school district, students and guests;
7. Public participation on any item off the agenda. Public testimony is not to exceed three minutes per individual, unless the mayor imposes other time constraints at the beginning of the agenda item;

- 57  
58 ~~8. Municipal reports from mayor, administrator, attorney, liaisons, clerk and other, not to~~  
59 ~~exceed three minutes per report;~~  
60  
61 9. 8. Consent agenda, to include vote on approval of minutes of previous meeting(s),  
62 ordinances for introduction, and routine items adopted by one motion;  
63  
64 ~~10. 9.~~ Board, commission, and committee appointments;  
65  
66 11. 10. Unfinished business, with public hearing/participation after motion on agenda item,  
67 but before deliberation of the assembly;  
68  
69 ~~12. 11.~~ New business, with public hearing/participation after motion on agenda item, but  
70 before assembly deliberation;  
71  
72 ~~13. 12.~~ Public participation on any item on or off the agenda. Not to exceed three minutes  
73 per individual;  
74  
75 13. Municipal reports from mayor, administrator, attorney, liaisons, clerk and other, not to  
76 exceed three minutes per report;  
77  
78 14. Executive session, if motion for executive session is made and adopted;  
79  
80 15. Adjournment.

81 \* \* \*

82  
83 **5. EFFECTIVE DATE.** This ordinance shall become effective the day after the date  
84 of its passage.

85  
86  
87 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of  
88 Sitka, Alaska, this 26<sup>th</sup> day of May, 2020.

89  
90  
91  
92 \_\_\_\_\_  
93 Gary L. Paxton, Mayor

94 ATTEST:

95  
96 \_\_\_\_\_  
97 Sara Peterson, MMC  
98 Municipal Clerk  
99

100 1<sup>st</sup> reading no action taken – insufficient time to address item 5/12/2020

101 1<sup>st</sup> reading 5/26/2020

102 2<sup>nd</sup> and final reading 6/9/2020

103  
104 Sponsors: Nelson / Christianson



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 20-27    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 5/20/2020    In control: City and Borough Assembly

On agenda: 5/26/2020    Final action:

Title: Amending Title 2 "Administration", Chapter 2.20 "Fire Department", Section 2.20.010 "Establishment" (1st reading)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2020-27](#)  
[Ord 2020-27](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2020-27 on first reading amending Title 2 “Administration”, Chapter 2.20 “Fire Department”, Section 2.20.010 “Establishment”

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-27

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 2 "ADMINISTRATION", CHAPTER 2.20 "FIRE DEPARTMENT", SECTION 2.20.010 "ESTABLISHMENT"

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. PURPOSE. The purpose of this ordinance is to revise the required positions for the Sitka Fire Department by removing the Assistant Fire Chief as currently required by Sitka General Code.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 2 "Administration", Chapter 2.20 "Fire Department", Section 2.20.010 "Establishment" is amended to read as follows (deleted language stricken, new language underlined):

Title 2 ADMINISTRATION

Chapters:

2.20 Fire Department

\*\*\*

\*\*\*

Sections:

2.20.010 Establishment.

\*\*\*

2.20.010 Establishment.

A. There shall be a fire department in and for the city and borough of Sitka to be known as the "Sitka fire department."

B. The purposes of the fire department are to save lives and property through professional response to emergency situations and to minimize emergency occurrences via prevention programs.

C. The department shall consist of a fire chief and assistant chief (or chiefs) and as many other positions as may be necessary for the effective operation of the department. Members of the fire department will include both paid and unpaid professionals.

D. The fire department includes a fire division, an emergency medical services (EMS) division, a dive rescue and recovery division, a search and rescue division, and an emergency management division.

\*\*\*

55           **5. EFFECTIVE DATE.** This ordinance shall become effective the day after the date  
56 of its passage.

57  
58           **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of  
59 Sitka, Alaska, this 9th day of June, 2020.

60  
61

62  
63

\_\_\_\_\_  
Gary L. Paxton, Mayor

64 ATTEST:

65  
66

67  
68

\_\_\_\_\_  
Sara Peterson, MMC  
Municipal Clerk

69

70

71

1<sup>st</sup> reading 5/26/2020

72

2<sup>nd</sup> and final reading 6/09/2020

73

74

Sponsors: Nelson / Wein



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 20-30    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 5/20/2020    In control: City and Borough Assembly

On agenda: 5/26/2020    Final action:

Title: Authorizing the City to obtain a loan from the Alaska Municipal Bond Bank in a principal amount not to exceed \$7,000,000 to refinance for savings the City's outstanding loan from the Alaska Energy Authority; authorizing the issuance to the Bond Bank of a junior lien electric revenue refunding bond of the City to evidence and secure the loan; authorizing the Municipal Administrator and Chief Finance and Administrative Officer to enter into a loan agreement with the Bond Bank setting forth the terms and conditions of the loan and the refunding bond; and establishing an effective date (1st reading)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2020-30](#)  
[Memo Ord 2020-30](#)  
[Ord 2020-30](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2020-30 on first reading authorizing the City to obtain a loan from the Alaska Municipal Bond Bank in a principal amount not to exceed \$7,000,000 to refinance for savings the City's outstanding loan from the Alaska Energy Authority; authorizing the issuance to the Bond Bank of a junior lien electric revenue refunding bond of the City to evidence and secure the loan; authorizing the Municipal Administrator and Chief Finance and Administrative Officer to enter into a loan agreement with the Bond Bank setting forth the terms and conditions of the loan and the refunding bond; and establishing an effective date.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Paxton and Assembly Members

**From:** John Leach, Municipal Administrator 

**Date:** May 21, 2020

**Subject:** Refinancing of 1979 Alaska Energy Authority Loan

---

### **Issue:**

The Alaska Municipal Bond Bank Authority (AMBBA) is currently taking steps to refinance a substantial portion of its outstanding publicly held bonds. As the AMBBA uses proceeds from its public bond issuances to loan to Municipalities, those Municipalities are being afforded a chance to work in conjunction with the AMBBA to refinance their loans from the AMBBA.

In conjunction with the refinancing of its outstanding publicly held bonds, the AMBBA is affording municipalities the ability to apply for new loans from the AMBBA which would be funded through the issuance of additional new AMBBA debt.

Accordingly, the City and Borough of Sitka has applied to the AMBBA for a loan to refinance the remaining balance of Sitka's 1979 loan with the Alaska Energy Authority. Passage of an ordinance by the Assembly is required to enter into the loan, and the accompanying ordinance serves this purpose.

### **Analysis:**

#### **Structure of AMBBA Debt and CBS loan agreements with the AMBBA**

The AMBBA is a subdivision of the State of Alaska, Department of Revenue. The AMBBA was established to help smaller Municipalities in Alaska access bond markets that would otherwise be unavailable to small bond issuers. The AMBBA has specific statutory authority to issue general obligation bonds.

The basic functioning of the AMBBA is to sell bonds to the general public through underwriters, then lend the proceeds from its debt issuances to Alaska Municipalities

through loan agreements. As collateral for the loans, the AMBBA requires each Municipality to sell one single municipal bond to the AMBBA. The AMBBA then crafts debt repayment schedules for the loans it makes to mirror its own debt service obligations to the public. Thus, debt service payments made by Municipalities are used by the AMBBA to make its own debt service.

The bonds sold to the general public by the AMBBA are callable serial municipal bonds. This means that AMBBA bonds carry different interest coupons, and, mature at those dates specified in the serial structure. Callable means that the AMBBA can pay off the bonds early, but only according to specific rules set forth at the time of issuance. All AMBBA bonds are continuously callable after 10 years; before the 10-year anniversary, they can't be called. AMBBA bonds may be partially called, meaning some bonds in the serial, but not all, are paid off early.

As the proceeds of AMBBA bonds are lent to Municipalities and those Municipalities have repayment schedules that mirror the AMBBA's debt service, the ability of Municipalities to pay off their loans early is limited and may only take place according to stipulations set forth in their loan agreements with the AMBBA.

The calling of bonds and early pay-off of loans can be initiated either by the AMBBA, or, by Municipalities. The AMBBA has a contractual financial advisor who continually monitors interest rates in the bond market, and, who recommends to the AMBBA Executive Director and Board when bonding looks economical. While a municipality can apply to the AMBBA for a loan, municipalities can't compel the AMBBA to issue new public debt.

### **New Money Refinancing of AEA Loan**

The CBS has a long-standing term loan with the Alaska Energy Authority. The loan was entered into in 1979, and, was refinanced in 1993 (in conjunction with a disaster assistance request tied to the APC mill closure) to extend its term to 50 years. The loan terms include semi-annual payments of principal and interest of \$307,037.96 at 4% interest.

Current interest rates lower than 3% make refinancing of this loan an attractive option, wherein it did not make economic sense to do so in the past. Accordingly, the CBS has applied to the AMBBA for additional bonded indebtedness ("new money") to refinance this old loan and reduce interest costs to the rate payers. The AMBBA has analyzed the loan and has agreed that enough savings will be achieved to make refinancing attractive.

In order to take on additional bonded indebtedness to pay off this older loan and achieve lower interest expense, passage of an ordinance is required.

### **Fiscal Note:**

### **Effective Interest Rates and Savings Not Finalized Until Underwriting**

The exact amount of savings and the effective interest rate(s) for the refinancing of the AEA loan cannot be known with certainty until the underwriter takes the bond issuances to market in New York. The underwriter has, however, estimated effective interest rates based on current bond market conditions, as well as a sensitivity analysis showing the effect on the proposed refunding if market interest rates rise or fall.

When a bond issuance is brought to market, the rate of interest to be paid on each bond in the serial is pre-determined well in advance. These rates are called bond coupon rates. Rather than adjusting coupon rates continuously to match ever-changing market conditions, bonds in the various serials in a bond issuance will be sold at either a premium or discount to the stated redemption value.

AMBBA bonds are often sold at a premium. When bonds are sold at a premium, the CBS gets extra bond proceeds it does not have to pay back to offset the higher coupon interest it pays. When this occurs, it results in the effective interest rate on the issuance which, in the case of a premium, will be substantially lower than the stated coupon rates.

### **Estimated Savings for AEA Loan Refinancing**

The savings to be achieved by issuing new electric revenue bonds to refinance the AEA loan has also not been determined with certainty by the underwriter. The CBS Finance Department believes that refinancing the AEA loan could potentially save as much as \$50,000 in annual interest expense.

### **Effect Refinancing of AEA Loan on User Fees**

Although the proposed refinancing of the AEA loan will result in significant interest rate and cash flow savings to the Municipality, staff does not intend to recommend user fee reductions at this time. Savings will instead be used to strengthen the financial health of enterprise funds by increasing their working capital, and, by potentially reducing the amount of future fee increases.

### **Recommendation**

Staff recommends that the Assembly approve the accompanying Ordinance necessary to refinance its outstanding AEA loan.

1 CITY AND BOROUGH OF SITKA, ALASKA  
2  
3 JUNIOR LIEN ELECTRIC REVENUE REFUNDING BOND (TAXABLE)  
4  
5 (REFINANCING AEA LOAN)  
6  
7  
8

9 ORDINANCE NO. 2020-30  
10  
11  
12

13 AN ORDINANCE of the City and Borough of Sitka authorizing the City to obtain a  
14 loan from the Alaska Municipal Bond Bank in a principal amount not to exceed  
15 \$7,000,000 to refinance for savings the City's outstanding loan from the Alaska  
16 Energy Authority; authorizing the issuance to the Bond Bank of a junior lien  
17 electric revenue refunding bond of the City to evidence and secure the loan;  
18 authorizing the Municipal Administrator and Chief Finance and Administrative  
19 Officer to enter into a loan agreement with the Bond Bank setting forth the terms  
20 and conditions of the loan and the refunding bond; and establishing an effective  
21 date.  
22

23  
24 PASSED: June 9, 2020  
25  
26  
27  
28  
29

30 Prepared by:

31 Stradling Yocca Carlson & Rauth, a Professional Corporation  
32 Seattle, Washington  
33  
34

CITY AND BOROUGH OF SITKA, ALASKA

ORDINANCE NO. 2020-30

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65 EXHIBIT A Form of the Bond

66 EXHIBIT B Form of Bond Bank Loan Agreement

67

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-30

AN ORDINANCE of the City and Borough of Sitka authorizing the City to obtain a loan from the Alaska Municipal Bond Bank in a principal amount not to exceed \$7,000,000 to refinance for savings the City’s outstanding loan from the Alaska Energy Authority; authorizing the issuance to the Bond Bank of a junior lien electric revenue refunding bond of the City to evidence and secure the loan; authorizing the Municipal Administrator and Chief Finance and Administrative Officer to enter into a loan agreement with the Bond Bank setting forth the terms and conditions of the loan and the refunding bond; and establishing an effective date..

WHEREAS, the City and Borough of Sitka, Alaska (the “City”), owns and operates electric generation and transmission facilities (the “Electric System”); and

WHEREAS, to pay a portion of the cost of the City’s Green Lake hydroelectric project, a component of the Electric System, the City borrowed \$15,000,000 (at a per annum interest rate of 4.0%) from the Alaska Power Authority (now known as the Alaska Energy Authority, “AEA”) under a Loan and Security Agreement dated as of August 24, 1982, as evidenced by a Promissory Note dated August 26, 1982 (as subsequently amended, the “AEA Loan”); and

WHEREAS, in 1994 or 1995, the City and AEA agreed on a restructuring of debt service on the AEA Loan, which is currently payable in approximately equal semiannual installments of principal and interest each January 1 and July 1 with a current outstanding balance of \$6,177,921.70; and

WHEREAS, after due consideration it appears to this Assembly that the City may be able to realize savings to the City and ratepayers of the Electric System by refinancing the AEA Loan from the proceeds of a lower-cost loan from the Alaska Municipal Bond Bank (the “Bond Bank”) that would be evidenced and secured by the issuance to the Bond Bank of a junior lien electric revenue refunding bond (the “Bond”), as authorized by this ordinance; and

WHEREAS, there are currently outstanding (as of May 1, 2020) the following electric revenue bonds of the City, all held by the Bond Bank:

| Sitka Series         | Issue Date | Ordinance | Principal Amount Outstanding | Bond Bank Series |
|----------------------|------------|-----------|------------------------------|------------------|
| 2010 Senior Lien     | 12/9/2010  | 2010-29   | \$31,500,000                 | 2010 Four        |
| 2013 Junior Lien     | 3/12/2013  | 2013-02   | 35,530,000                   | 2013 One         |
| 2013(2d) Junior Lien | 11/14/2013 | 2013-38   | 25,615,000                   | 2013 Three       |
| 2014 Junior Lien     | 10/30/2014 | 2013-38   | 16,325,000                   | 2014 Three       |

105 WHEREAS, the ordinances that authorized the issuance of the outstanding electric revenue  
106 bonds provide that the City may issue additional bonds with a lien on revenue of the Electric System  
107 on a parity with the lien on such revenue of the Junior Lien Bonds (as identified above), if certain  
108 conditions are met; and

109  
110 WHEREAS, this Assembly finds that the applicable parity conditions have been or will be met,  
111 so the Bond may be issued as a Parity Bond; and

112  
113 WHEREAS, the Assembly has determined that it is in the best interest of the City to delegate  
114 to the Municipal Administrator and the Chief Finance and Administrative Officer authority to enter  
115 into a loan with the Bond Bank by issuing the Bond to the Bond Bank, as authorized by this ordinance,  
116 so long as the principal amount of the Bond does not exceed \$7,000,000; and

117  
118 WHEREAS, the Assembly finds that it is in the best interest of the City and ratepayers of  
119 the Electric System to issue the Bond through the Bond Bank, on the terms and conditions set forth  
120 in this ordinance and in a loan agreement authorized by this ordinance to be entered into with the  
121 Bond Bank;

122 NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of  
123 Sitka, Alaska, as follows:

124 Section 1. Classification. This ordinance is not of a permanent nature and is not  
125 intended to become part of the Sitka General Code.

126 Section 2. Definitions. As used in this ordinance, the following words have the  
127 following meanings, unless a different meaning clearly appears from the context:

128 “AEA” means the Alaska Energy Authority (formerly known as the Alaska Power  
129 Authority).

130 “AEA Loan” means the loan to the City in the original amount of \$15,000,000 (at a per  
131 annum interest rate of 4.0%) from the Alaska Power Authority (now known as AEA) under a Loan  
132 and Security Agreement dated as of August 24, 1982, as evidenced by a Promissory Note dated  
133 August 26, 1982, and as subsequently amended.

134 “Annual Debt Service” means the total amount of Debt Service for any bonds or other  
135 evidences of indebtedness payable from Revenue of the System in any fiscal year.

136 “Assembly” means the Assembly of the City and Borough of Sitka, Alaska, the general  
137 legislative authority of the City, as duly constituted from time to time, or any successor body.

138 “Balloon Maturity Bonds” means any bonds or other evidences of indebtedness of the City  
139 payable from Revenue of the System that are so designated in the ordinance pursuant to which  
140 such bonds are issued or such indebtedness is incurred.

141 “Base Period” means any consecutive 12-month period selected by the City out of the  
142 36-month period next preceding the date of issuance of a series of Future Parity Bonds.

143           “Bond” means the Junior Lien Electric Revenue Refunding Bond, 20\_\_ (Taxable),  
144 authorized to be issued in a principal amount not to exceed \$7,000,000 pursuant to this ordinance.

145           “Bond Bank” means the Alaska Municipal Bond Bank, a public corporation and  
146 instrumentality of the State of Alaska, created pursuant to the provisions of Chapter 85, Title 44,  
147 Alaska Statutes, as amended.

148           “Bond Bank Bonds” means bonds to be issued by the Bond Bank to provide funds to be  
149 loaned to the City under the Loan Agreement.

150           “Bond Fund” means the “City and Borough of Sitka 2013 Electric Revenue Bond  
151 Redemption Fund,” created pursuant to Ordinance No. 2013-02 and continued by this ordinance  
152 to pay and secure the payment of all Parity Bonds.

153           “Bond Register” means the registration books for the Bond maintained by the Registrar,  
154 for the purpose of complying with the requirements of Section 149 of the Code and listing, inter  
155 alia, the name and address of the Registered Owner of the Bond.

156           “Chief Finance and Administrative Officer” means the Chief Finance and Administrative  
157 Officer of the City or the successor to the duties of that office.

158           “City” means the City and Borough of Sitka, Alaska, a home rule municipal corporation  
159 duly organized and existing under the Constitution and laws of the State of Alaska and its Charter.

160           “Code” means the federal Internal Revenue Code of 1986, as amended, together with  
161 corresponding and applicable final, temporary or proposed regulations and revenue rulings issued  
162 or amended with respect thereto by the United States Treasury Department or the Internal Revenue  
163 Service.

164           “Consultant” means an independent municipal financial consultant, including but not  
165 limited to an independent accounting firm or engineer, having a favorable reputation for skill and  
166 experience with electric utilities comparable to the Electric System in such matters as are relevant  
167 to the purpose for which he or she is retained, appointed from time to time by the City to perform  
168 the duties of the Consultant as required by this ordinance.

169           “Covered Bonds” means the 2013 Bond, the 2013(2d) Bond, the 2014 Bond, the Bond, and  
170 any Future Parity Bonds designated in the ordinance authorizing their issuance as Covered Bonds  
171 secured by the Reserve Account, subject to the approval of the Bond Bank, as provided in Section  
172 8(b), and the 2010 Bonds, subject to the approval of the Bond Bank, as provided in Section 8(b).

173           “Debt Service” means, for any period of time,

174           (a)     for outstanding Fixed Rate Bonds, an amount equal to the sum of:

175                     (1) all interest payable on such Fixed Rate Bonds during the period;

176 (2) the amount of principal of such Fixed Rate Bonds due or subject to mandatory  
177 redemption during such period and for which no Sinking Fund Requirement has been  
178 established, and

179 (3) the amount of the Sinking Fund Requirement for the period;

180 plus

181 (b) for outstanding Parity Bonds other than Fixed Rate Bonds, including but not limited  
182 to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for the  
183 period equal to the amount that would have been payable for principal and interest on these Parity  
184 Bonds during that period computed on the assumption that the amount of Parity Bonds as of the  
185 date of such computation would be amortized (i) in accordance with the mandatory redemption  
186 provisions, if any, set forth in the ordinance authorizing the issuance of such Parity Bonds, or if  
187 mandatory redemption provisions are not provided, during a period commencing on the date of  
188 computation and ending on the date 30 years after the date of issuance (ii) at an interest rate equal  
189 to the yield to maturity set forth in the 40-Bond Index published in the edition of *The Bond Buyer*  
190 (or comparable publication or such other similar index selected by the City) and published within  
191 ten days prior to the date of calculation or, if such calculation is being made in connection with  
192 the certificate required by Section 11 hereof, then within ten days of such certificate, (iii) to  
193 provide for approximately level annual debt service of principal and interest over such period.

194 Debt Service shall be net of any capitalized interest funded out of bond proceeds and any  
195 Debt Service Offsets.

196 “Debt Service Offset” means receipts of the City, including but not limited to federal  
197 interest subsidy payments, designated as such by the City that are not included in Revenue of the  
198 System and are legally available to pay debt service on Parity Bonds.

199 “Electric System” means the electric utility properties, rights and assets, real and personal,  
200 tangible and intangible, now owned and operated by the City and used or useful in the generation,  
201 transmission, distribution and sale of electric energy and the business incidental thereto and all  
202 properties, rights and assets, real and personal, tangible and intangible, hereafter constructed or  
203 acquired by the City as additions, betterments, improvements or extensions to those electric utility  
204 properties, rights and assets, but shall not include any other generating, conservation, transmission  
205 or distribution facilities that have been or may hereafter be acquired or constructed by the City as  
206 a utility system designated by the Assembly at the time of financing thereof to be separate from  
207 the Electric System, the revenues of which may be pledged to the payment of bonds issued to  
208 purchase, construct or otherwise acquire or expand that separate utility system or are otherwise  
209 pledged to the payment of the bonds of another separate utility system of the City other than the  
210 Electric System. The Assembly may, by ordinance, elect to combine with and include as a part of  
211 the Electric System any other separate utility of the City, provided that full provision for the  
212 payment of any outstanding indebtedness of that separate system must first be paid or that  
213 indebtedness must be refunded with bonds issued in accordance with this ordinance.

214 “Event of Default” means any of those events described as such in Section 18 of this  
215 ordinance.

216 “Fitch” means Fitch, Inc., organized and existing under the laws of the State of Delaware,  
217 its successors and their assigns, and, if such organization is dissolved or liquidated or no longer  
218 performs the functions of a securities rating agency, “Fitch” shall be deemed to refer to any other  
219 nationally recognized securities rating agency (other than S&P or Moody’s) designated by the  
220 Chief Finance and Administrative Officer.

221 “Fixed Rate Bonds” means those Parity Bonds other than Balloon Maturity Bonds the rates  
222 of interest of which are fixed and determinable through their final maturity or for a specified period  
223 of time. If so provided in the ordinance authorizing their issuance, Parity Bonds may be deemed  
224 to be Fixed Rate Bonds for only a portion of their term.

225 “Future Parity Bonds” means electric revenue bonds of the City issued after the date of  
226 issuance of the Bond that have a lien on Revenue of the System for the payment of the principal  
227 thereof and interest thereon equal to the lien on the Revenue of the System for the payment of the  
228 principal of and interest on the 2013 Bond, the 2013(2d) Bond, the 2014 Bond, and the Bond.

229 “Government Obligations” means any bonds or other obligations that, as to principal and  
230 interest, constitute direct obligations of, or are unconditionally guaranteed by, the United States of  
231 America.

232 “Loan Agreement” means the Loan Agreement by and between the City and the Bond Bank  
233 authorized to be entered into pursuant to Section 17 of this ordinance for the sale of the Bond.

234 “Moody’s” means Moody’s Investors Service, its successors and their assigns, and, if such  
235 corporation is dissolved or liquidated or no longer performs the functions of a securities rating  
236 agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating  
237 agency (other than S&P and Fitch) designated by the Chief Finance and Administrative Officer.

238 “Municipal Administrator” means the Municipal Administrator (or Borough  
239 Administrator) or the successor to the duties of that office.

240 “Net Revenue” means, for any period, Revenue of the System less Operating Expenses for  
241 that period, excluding from the computation of Revenue of the System (a) any profit or loss derived  
242 from the sale or other disposition, not in the ordinary course of business, of properties, rights or  
243 facilities of the Electric System, or resulting from the early extinguishment of debt; and  
244 (b) insurance proceeds other than proceeds to replace lost revenue.

245 “Operating Expenses” mean the City’s expenses for operating and maintaining the Electric  
246 System, and ordinary repairs, renewals, replacements and reconstruction of the Electric System,  
247 including all costs of delivering electric power and energy, and payments into reasonable reserves  
248 in the Revenue Fund for items of operation and maintenance the payment for which is not  
249 immediately required, and shall include, without limiting the generality of the foregoing, costs of  
250 purchased power; costs of transmission and distribution operation and maintenance expenses;  
251 rents; administrative and general expenses; engineering expenses; legal and financial advisory  
252 expenses; required payments to pension, retirement, health and hospitalization funds; insurance  
253 premiums; and any taxes, assessments, payments in lieu of taxes or other lawful governmental  
254 charges, all to the extent properly allocable to the Electric System; and the fees and expenses of  
255 the Registrar. Operating Expenses shall not include any costs or expenses for new construction,

256 interest, amortization, non-cash losses or costs with respect to any real or personal property,  
257 investment or agreement that may be required to be recognized under generally accepted  
258 accounting principles, including but not limited to depreciation expense and unrealized mark-to-  
259 market losses.

260 “Parity Bonds” mean the 2013 Bond, the 2013(2d) Bond, the 2014 Bond, the Bond, and  
261 any Future Parity Bonds.

262 “Permitted Investments” means any of the following to the extent permitted by the laws of the  
263 State of Alaska:

264 (1) Direct obligations of the United States of America (including obligations  
265 issued or held in book-entry form on the books of the Department of the Treasury of the United States  
266 of America, and CATS and TIGRS) or obligations the timely payment of the principal of and interest  
267 on which are fully guaranteed by the United States of America.

268 (2) Bonds, debentures, notes or other evidence of indebtedness issued or  
269 guaranteed by any of the following federal agencies and provided such obligations are backed by the  
270 full faith and credit of the United States of America (stripped securities are only permitted if they have  
271 been stripped by the agency itself):

- 272 A. Farmers Home Administration: certificates of beneficial ownership;
- 273 B. Federal Financing Bank;
- 274 C. General Services Administration: participation certificates;
- 275 D. Government National Mortgage Association (GNMA): GNMA-  
276 guaranteed mortgage-backed bonds and GNMA-guaranteed pass-  
277 through obligations;
- 278 E. U.S. Maritime Administration: guaranteed Title XI financing; and
- 279 F. U.S. Department of Housing and Urban Development: project notes; local  
280 authority bonds; U.S. government-guaranteed new communities debentures;  
281 U.S. government-guaranteed public housing notes and bonds.

282  
283 (3) Bonds, debentures, notes or other evidence of indebtedness issued or  
284 guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped  
285 securities are only permitted if they have been stripped by the agency itself):

- 286 A. Federal Home Loan Bank System: senior debt obligations;
- 287 B. Federal Home Loan Mortgage Corporation (FHLMC): participation  
288 certificates and senior debt obligations rated AAA by S&P or Aaa by  
289 Moody’s;
- 290 C. Federal National Mortgage Association (FNMA): mortgage-backed  
291 securities and senior debt obligations rated AAA by S&P or Aaa by  
292 Moody’s;
- 293 D. Student Loan Marketing Association (SLMA): senior debt obligations;
- 294 E. Resolution Funding Corp. (REFCORP): only the interest component of  
295 REFCORP strips that have been stripped by request to the Federal  
296 Reserve Bank of New York; and
- 297 F. Farm Credit System: consolidated systemwide bonds and notes.

298 (4) Money market funds registered under the Federal Investment Company Act of  
299 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by  
300 S&P of AAAM-G, AAAM or AAM or having a rating by Moody's of Aaa, Aa1 or Aa2.

301 (5) Certificates of deposit secured at all times by collateral described in (1) and/or  
302 (2) above. Such certificates must be issued by commercial banks, savings and loan associations or  
303 mutual savings banks whose short-term obligations are rated A-1+ or better by S&P and Prime-1 or  
304 better by Moody's. The collateral must be held by a third party and Bondowners must have a perfected  
305 first security interest in the collateral.

306 (6) Certificates of deposit, savings accounts, deposit accounts or money market  
307 deposits that are fully insured by FDIC, including BIF and SAIF.

308 (7) Commercial paper rated, at the time of purchase, Prime-1 by Moody's and A-  
309 1 or better by S&P.

310 (8) Bonds or notes issued by any state or municipality rated by Moody's and S&P  
311 in one of the two highest rating categories assigned by such agencies.

312 (9) Federal funds or bankers acceptances with a maximum term of one year of any  
313 bank that has an unsecured, uninsured and unguaranteed obligation rating of Prime-1 or A3 or better  
314 by Moody's and A-1 or A or better.

315 (10) Repurchase agreements providing for the transfer of securities from a dealer  
316 bank or securities firm (seller/borrower) to the City or its agent or trustee (buyer/lender), and the  
317 transfer of cash from the City or its agent or trustee to the dealer bank or securities firm with an  
318 agreement that the dealer bank or securities firm will repay the cash plus a yield to the City or its agent  
319 or trustee in exchange for the securities at a specified date. Repurchase Agreements for a term of  
320 30 days or less must satisfy the following criteria:

321 A. Repos must be between the City or its agent or trustee and a dealer bank  
322 or securities firm.

323 a. Primary dealers on the Federal Reserve reporting dealer list that  
324 fall under the jurisdiction of the SIPC and that are rated A or  
325 better by S&P and Moody's, or

326 b. Banks rated A or above by S&P and Moody's.

327 B. The written repo contract must include the following:

328 a. Securities that are acceptable for transfer are:

329 (1) Direct U.S. governments, or

330 (2) Federal agencies backed by the full faith and credit of  
331 the U.S. government (and FNMA & FHLMC).

332 b. The term of the repo may be up to 30 days.

333 c. The collateral must be delivered to the City (if the City is not  
334 supplying the collateral) or to a third party acting as agent for  
335 the City (if the City is supplying the collateral) before or  
336 simultaneously with payment (perfection by possession of  
337 certificated securities).

338 d. The securities must be valued weekly, marked-to-market at  
339 current market price plus accrued interest. The value of  
340 collateral must be equal to 104% of the amount of cash  
341 transferred by the City or its agent or trustee to the dealer bank  
342 or securities firm under the repo plus accrued interest. If the  
343 value of securities held as collateral slips below 104% of the  
344 value of the cash transferred, then additional cash and/or  
345 acceptable securities must be transferred. If, however, the  
346 securities used as collateral are FNMA or FHLMC, then the  
347 value of collateral must equal 105%.

348 (11) Any other investments approved by the Bond Bank.

349 “Qualified Insurance” means any non-cancelable municipal bond insurance policy or  
350 surety bond issued by any insurance company licensed to conduct an insurance business in any  
351 state of the United States (or by a service corporation acting on behalf of one or more such  
352 insurance companies) which insurance company or companies, as of the time of issuance of such  
353 policy or surety bond, are currently rated in one of the two highest Rating Categories by two Rating  
354 Agencies.

355 “Qualified Letter of Credit” means any irrevocable letter of credit issued by a financial  
356 institution for the account of the City on behalf of registered owners of the applicable Parity Bonds,  
357 which institution maintains an office, agency or branch in the United States and as of the time of  
358 issuance of such letter of credit, is currently rated in one of the two highest Rating Categories by  
359 any Rating Agency.

360 “Rate Stabilization Account” means the account of that name within the Revenue Fund.

361 “Rating Agency” means Moody’s, S&P or Fitch.

362 “Registrar” means the Chief Finance and Administrative Officer, for the purposes of  
363 registering and authenticating the Bond, maintaining the Bond Register, and paying principal of  
364 and interest on the Bond.

365 “Registered Owner” means the person in whose name the Bond is registered on the Bond  
366 Register.

367 “Reserve Account” means the Parity Bond Reserve Account created within the Bond Fund  
368 pursuant to Ordinance No. 2012-02 and continued by this ordinance.

369 “Reserve Requirement” means the amount to be calculated with respect to all Covered  
370 Bonds and separately with respect to other Parity Bonds, as follows:

371 (a) For Covered Bonds, the Reserve Requirement is equal to the least of: (1) maximum  
372 Annual Debt Service for Covered Bonds, (2) 10% of the initial principal amount of each series of  
373 Covered Bonds, and (3) 125% of average Annual Debt Service for Covered Bonds; provided,  
374 however, that the amount required to be contributed, if any, as a result of the issuance of a series  
375 of Future Parity Bonds will not be greater than the Tax Maximum. If the amount required to be  
376 contributed at the time of issuance of a series exceeds the Tax Maximum, then the amount required  
377 to be contributed shall be equal to the Tax Maximum.

378 (b) For any Parity Bonds that are not designated as Covered Bonds, the Reserve  
379 Requirement will be the amount, if any, specified in the ordinance authorizing the issuance of  
380 those Parity Bonds.

381 The amount of the Reserve Requirement may be recalculated from time to time as principal  
382 of Parity Bonds is paid or Future Parity Bonds are issued.

383 “Revenue Fund” means the Electric Utility Revenue Fund heretofore established and  
384 maintained in the office of the Chief Finance and Administrative Officer.

385 “Revenue of the System” means all income and revenue derived by the City from the sale  
386 of electric energy and all other commodities, services and facilities sold, furnished or supplied by  
387 the City through the ownership or operation of the Electric System, together with the proceeds  
388 received by the City directly or indirectly from the sale, lease or other disposition of any of the  
389 properties, rights or facilities of the Electric System, any federal interest subsidy payments  
390 received in connection with Parity Bonds (to the extent such payments are not designated as Debt  
391 Service Offsets), and any investment income earned on money held in any fund or account of the  
392 City, including any bond redemption funds and the accounts therein, in connection with the  
393 ownership and operation of the Electric System (but excluding income derived from investments  
394 irrevocably pledged to the payment of any specific revenue bonds of the City, such as bonds  
395 heretofore or hereafter refunded or defeased, investment income earned on money in any arbitrage  
396 rebate account, grants for capital purposes, and non-cash marked-to-market gains with respect to  
397 any real or personal property, investment or agreement that may be required to be recognized under  
398 generally accepted accounting principles).

399 “Rule” means the SEC’s Rule 15c2-12 under the Securities Exchange Act of 1934.

400 “SEC” means the United States Securities and Exchange Commission.

401 “S&P” means Standard & Poor’s Ratings Services, its successors and their assigns, and, if  
402 such corporation is dissolved or liquidated or no longer performs the functions of a securities rating  
403 agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency  
404 (other than Moody’s and Fitch) designated by the Chief Finance and Administrative Officer.

405 “Sinking Fund Requirement” means, for any fiscal year, the principal amount and premium, if  
406 any, of Term Bonds required to be purchased, redeemed or paid at maturity in that fiscal year as  
407 established by the ordinance or other proceedings of the City authorizing the issuance of those Term  
408 Bonds.

409           “Tax Maximum” means the maximum amount permitted by the Code to be allocated to a  
410 bond reserve account from bond proceeds without requiring a balance to be invested at a restricted  
411 yield.

412           “Term Bonds” means any Future Parity Bonds identified as such in the proceedings for the sale  
413 thereof, the payment of the principal of which is fully provided for by a Sinking Fund Requirement.  
414

415           “2010 Bonds” means the City’s Electric Revenue and Refunding Bonds, 2010, issued in  
416 three series on December 9, 2010, in the initial aggregate principal amount of \$48,700,000, as  
417 authorized by Ordinance No. 2010-29, and as they may be amended or refinanced from time to  
418 time.

419           “2013 Bond” means the City’s Junior Lien Electric Revenue Bond, 2013, issued on March  
420 12, 2013, in the initial principal amount of \$35,530,000, as authorized by Ordinance No. 2013-02.

421           “2013(2d) Bond” means the City’s Junior Lien Electric Revenue Bond, 2013 Second  
422 Series, issued on November 14, 2013, in the initial principal amount of \$25,615,000, as authorized  
423 by Ordinance No. 2013-38.

424           “2014 Bond” means the City’s Junior Lien Electric Revenue Bond, 2014, issued on  
425 October 30, 2014, in the initial principal amount of \$16,325,000, as authorized by Ordinance  
426 No. 2013-38.

427           *Rules of Interpretation.* Words of the masculine gender are deemed and construed to  
428 include correlative words of the feminine and neuter genders. Words imparting the singular  
429 number include the plural numbers and vice versa unless the context otherwise indicates.  
430 Reference to sections and other subdivisions of this ordinance are to the sections and other  
431 subdivisions of this ordinance as originally adopted unless expressly stated to the contrary. The  
432 headings or titles of the sections hereof, and the table of contents appended hereto, are for  
433 convenience of reference only and do not define or limit the provisions hereof.

434           Section 3. Compliance with Parity Conditions. The Assembly hereby finds that the  
435 conditions required for issuance of the Bond as a Parity Bond have been or will be met. The Assembly  
436 finds that:

437  
438           (1) there will be no deficiency in the Bond Fund or any of the accounts therein;

439           (2) this ordinance contains the required covenants (provided in Section 10 hereof) and  
440 provides that the Reserve Requirement, if any, will be funded no later than the date of delivery of  
441 the Bond; and

442           (3) the City will have on file a certificate (dated no earlier than the date that is 90 days prior  
443 to the date of issuance of the Bond) relating to Net Revenue, as described in Section 11 (c) or (d)  
444 of Ordinance No. 2013-02 and Ordinance No. 2013-38, except as otherwise permitted under  
445 subsection (e) of Section 11 therein.

446           The parity conditions having been complied with or assured, the payments required in this  
447 ordinance to be made out of the Revenue Fund into the Bond Fund and the Reserve Account shall

448 constitute a lien and charge upon the money in the Revenue Fund equal to the lien and charge  
449 thereon for the payments required to be made into the Bond Fund to pay and secure the payment  
450 of the principal of and interest on the outstanding Parity Bonds.

451  
452 Section 4. Authorization of Bonds. To provide funds to refinance the AEA Loan, the  
453 City shall issue and sell to the Bond Bank its junior lien electric revenue refunding bond in a  
454 principal amount not to exceed \$7,000,000 (the “Bond”). The Bond shall be designated as the  
455 “City and Borough of Sitka Junior Lien Electric Revenue Refunding Bond, 20\_\_ (Taxable),” with  
456 such year and series designation as may be appropriate. The Bond shall be dated the date of its  
457 sale and delivery to the Bond Bank, in accordance with Section 17 hereof, shall be fully registered  
458 as to both principal and interest, shall be numbered in such manner and with any additional  
459 designation as the Registrar deems necessary for purposes of identification and control, shall bear  
460 interest at the rate or rates, shall mature on the date or dates and shall be paid in installments in the  
461 principal amounts and on the dates to be determined in accordance with Section 17 hereof. Interest  
462 on the Bond shall be calculated based on a 360-day year of twelve 30-day months.

463 The Bond shall be an obligation only of the Bond Fund and shall be payable and secured  
464 as provided herein. The Bond does not constitute an indebtedness or general obligation of the City  
465 within the meaning of the constitutional provisions and limitations of the State of Alaska.

466 Section 5. Registration, Payment and Transfer. The Chief Finance and Administrative  
467 Officer shall act as authenticating agent, transfer agent, paying agent and registrar for the Bond  
468 (collectively, the “Registrar”). Both principal of and interest on the Bond shall be payable in lawful  
469 money of the United States of America. Interest on the Bond shall be paid by check or draft of the  
470 Registrar mailed (on the date such interest is due) to the Registered Owner or nominee at the  
471 addresses appearing on the Bond Register on the fifteenth day of the month preceding each interest  
472 payment date. Principal of the Bond shall be payable upon presentation and surrender of the Bond  
473 to the Registrar by the Registered Owner or nominee at the office of the Registrar in Sitka, Alaska.  
474 Notwithstanding the foregoing, if the Bond is sold to the Bond Bank pursuant to the provisions of  
475 Section 17 of this ordinance, and for so long as the Bond Bank is the owner of the Bond, payments  
476 of principal of and interest on that Bond shall be made to the Bond Bank in accordance with the  
477 applicable Loan Agreement.

478 The Bond may be transferred only on the Bond Register maintained by the Registrar for  
479 that purpose upon the surrender thereof by the Registered Owner or nominee or his or her duly  
480 authorized agent and only if endorsed in the manner provided thereon, and thereupon a new fully  
481 registered Bond of like principal amount, maturity and interest rate shall be issued to the transferee  
482 in exchange therefor. Upon surrender thereof to the Registrar, the Bond is interchangeable for a  
483 bond or bonds (in denominations of \$5,000 or any integral multiple thereof) of an equal aggregate  
484 principal amount and of the same interest rates and principal payment amounts as the Bond. Such  
485 transfer or exchange shall be without cost to the Registered Owner or transferee.

486 The City may deem the person in whose name the Bond is registered to be the absolute  
487 owner thereof for the purpose of receiving payment of the principal of and interest on the Bond  
488 and for any and all other purposes whatsoever.

489           Section 6.    Prepayment. Provisions for the optional prepayment of some or all  
490 principal installments of the Bond may be established pursuant to Section 17 and shall be set forth  
491 in the Loan Agreement. Portions of the principal amount of the Bond, in increments of \$5,000 or  
492 any integral multiple of \$5,000, may be prepaid.

493           So long as the Bond Bank is the owner of the Bond, notice of prepayment shall be given  
494 according to the terms of the Loan Agreement. If the Bond Bank is not the owner of the Bond,  
495 notice of prepayment shall be given not less than 30 nor more than 60 days prior to the date fixed  
496 for prepayment by first class mail, postage prepaid, to the Registered Owner of the Bond at the  
497 address appearing on the Bond Register. The requirements of this section shall be deemed  
498 complied with when notice is mailed as herein provided, regardless of whether it is actually  
499 received by the owner of the Bond. Each official notice of prepayment shall be dated and shall  
500 state: (i) the prepayment date, (ii) the prepayment price or prepayment premium, if any, payable  
501 upon such prepayment; (iii) if less than all of an installment of principal is to be prepaid, the  
502 principal amount to be prepaid (which must be an integral multiple of \$5,000); (iv) that the interest  
503 on the Bond, or on the principal amount thereof to be prepaid, designated for prepayment in such  
504 notice, shall cease to accrue from and after such prepayment date; and (v) that on such date there  
505 will become due and payable on the Bond the principal amount thereof to be prepaid and the  
506 interest accrued on such principal amount to the prepayment date.

507           Section 7.    Revenue Fund.

508           (a)    *Revenue Fund Established.* There has heretofore been established in the office of  
509 the Chief Finance and Administrative Officer a separate enterprise fund of the City designated as  
510 the “City and Borough of Sitka Electric Utility Revenue Fund” (the “Revenue Fund”) All Revenue  
511 of the System will be deposited in the Revenue Fund. Notwithstanding the foregoing, the Chief  
512 Finance and Administrative Officer may maintain separate funds and accounts in such names and  
513 under such additional designations as may be required to comply with City practices and State law.

514           (b)    *Priority of Application of Revenue of the System.* The Revenue Fund shall be held  
515 separate and apart from all other funds and accounts of the City, and the Revenue of the System  
516 deposited in this fund shall be used only for the following purposes and in the following order of  
517 priority:

518                   First, to pay the Operating Costs;

519                   Second, to pay principal of and interest on the 2010 Bonds;

520                   Third, to make all payments required to be made into the reserve account for the  
521 2010 Bonds;

522                   Fourth, to pay principal of and interest on any Parity Bonds, including  
523 reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified  
524 Letter of Credit or Qualified Insurance secures the payment of debt service on Parity Bonds and  
525 the ordinance authorizing those Parity Bonds provides for such reimbursement;

526                   Fifth, to make all payments required to be made into the Reserve Account for  
527 Covered Bonds and to any reserve account created in the future for the payment of debt service on

528 Future Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or  
529 Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance has been issued to fund  
530 the Reserve Requirement or the reserve requirement(s) for any Future Parity Bonds and if the  
531 ordinance authorizing those Future Parity Bonds provides for such reimbursement;

532 Sixth, to make all payments required to be made into any revenue bond redemption  
533 fund or revenue warrant redemption fund and debt service fund or reserve account created to pay  
534 and secure the payment of the principal of and interest on any revenue bonds or revenue warrants  
535 of the City having a lien on Revenue of the System subordinate and inferior to the lien thereon to  
536 pay or secure the payment of Parity Bonds; and

537 Seventh, to retire by redemption or purchase any outstanding revenue bonds or  
538 revenue warrants of the City, to make necessary additions, betterments, improvements and repairs  
539 to or extensions and replacements of the Electric System, to make deposits into the Rate  
540 Stabilization Account, or for any other lawful City purposes.

541 The City may transfer any money from any funds or accounts of the Electric System legally  
542 available therefor, except bond redemption funds, refunding escrow funds or defeasance funds, to  
543 meet the required payments to be made into the Bond Fund.

544 (c) *Rate Stabilization Account.* As authorized by Ordinance No. 2010-29, the Chief  
545 Finance and Administrative Officer has established a Rate Stabilization Account within the  
546 Revenue Fund, which Account currently has on deposit therein approximately \$688,000. The City  
547 may make additional payments into the Rate Stabilization Account from the Revenue Fund at any  
548 time. Money in the Rate Stabilization Account may be withdrawn at any time for deposit into the  
549 Revenue Fund and used for the purposes for which Revenue of the System may be used. Amounts  
550 withdrawn from the Rate Stabilization Account and deposited into the Revenue Fund shall increase  
551 Revenue of the System for the period in which they are withdrawn, and amounts deposited in the  
552 Rate Stabilization Account shall reduce Revenue of the System for the period during which they  
553 are deposited. Credits to or from the Rate Stabilization Account that occur within 90 days after the  
554 end of a fiscal year may be treated as occurring within that fiscal year. Earnings on the Rate  
555 Stabilization Account shall be credited to the Revenue Fund.

556 Section 8. Bond Fund. A special fund of the City known as the “City and Borough of  
557 Sitka 2013 Electric Revenue Bond Redemption Fund” (the “Bond Fund”) has heretofore been  
558 created in the office of the Chief Finance and Administrative Officer, with the Debt Service  
559 Account and Reserve Account established therein, and that Fund and the Accounts therein are  
560 hereby authorized to be continued so long as the Bond is outstanding. The Bond Fund shall be  
561 drawn upon for the sole purpose of paying the principal of and interest on the Parity Bonds.

562 (a) *Payments into Debt Service Account.* As long as any Parity Bond remains  
563 outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay into the  
564 Debt Service Account out of money in the Revenue Fund, on or before the date due as provided in  
565 the Loan Agreement, the amounts necessary, together with money already in the Debt Service  
566 Account, to pay the principal of, premium, if any, and interest on the Bond as the same become  
567 due and payable.

568 If there is a deficiency in the Debt Service Account for such purpose, the City shall make  
569 up the deficiency from the Reserve Account by the withdrawal of cash therefrom for that purpose,  
570 and, if necessary, by sale or redemption of any authorized investments in the amount that will  
571 provide cash in the Reserve Account sufficient to make up any such deficiency.

572 Whenever and so long as the assets of the Debt Service Account are sufficient to provide  
573 money to pay when due a principal installment on the Bond in full, including such interest as may  
574 be due thereon, no payments need be made into the Debt Service Account pursuant to this  
575 ordinance.

576 Money in the Debt Service Account shall be held for the benefit of the owners of all Parity  
577 Bonds then outstanding and payable equally and ratably and without preference or distinction as  
578 between different series, installments, or maturities.

579 (b) *The Reserve Account.* The Reserve Account shall be maintained as a common  
580 reserve, securing the payment of the principal of and interest on the 2013 Bond, the 2013(2d)  
581 Bond, the 2014 Bond, the Bond, any Future Parity Bonds that (i) are designated as Covered Bonds  
582 in the ordinance authorizing their issuance and (ii) so long as the Bond Bank is the owner of any  
583 of the Parity Bonds, are approved as “Covered Bonds” by the Bond Bank, and the 2010 Bonds, if  
584 the Bond Bank approves designating the 2010 Bonds as “Covered Bonds” (inclusively, “Covered  
585 Bonds”). Prior to or upon the issuance of the Bond, the City will deposit into the Reserve Account  
586 funds sufficient to satisfy the Reserve Requirement for the Bond. The City covenants and agrees  
587 that from and after the closing and delivery of the Bond, it will at all times maintain an amount in  
588 the Reserve Account at least equal to the Reserve Requirement, except for withdrawals therefrom  
589 authorized by this ordinance, so long as any Covered Bonds remain outstanding. The Reserve  
590 Requirement may be maintained by deposits of cash, a Qualified Letter of Credit or Qualified  
591 Insurance, or a combination of the foregoing. All amounts other than a Qualified Letter of Credit  
592 or Qualified Insurance held in the Reserve Account shall be invested solely in Permitted  
593 Investments. In computing the amount on hand in the Reserve Account, Qualified Insurance and/or  
594 a Qualified Letter of Credit shall be valued at the face amount thereof, and all other Reserve  
595 Account investments shall be valued as provided in (d) below. As used herein, the term “cash”  
596 includes U.S. currency, cash equivalents and evidences thereof, including demand deposits,  
597 certified or cashier’s check. The deposit to the Reserve Account may be satisfied initially by the  
598 transfer of qualified investments to that account.

599 If the balances on hand in the Reserve Account are sufficient to satisfy the Reserve  
600 Requirement, interest earnings shall be applied as provided in the following sentences. Whenever  
601 there is a sufficient amount in the Bond Fund, including the Reserve Account to pay the principal  
602 of and interest on all outstanding Covered Bonds, the money in the Reserve Account may be used  
603 to pay such principal and interest. As long as the money left remaining on deposit in the Reserve  
604 Account is equal to the Reserve Requirement, money in the Reserve Account may be transferred  
605 to the Bond Fund and used to pay the principal of and interest on Covered Bonds as the same  
606 become due and payable. The City also may transfer out of the Reserve Account any money  
607 required in order to prevent any Parity Bonds from becoming “arbitrage bonds” under the Code.

608 If a deficiency in the Bond Fund for the payment of debt service on Covered Bonds occurs,  
609 the deficiency shall be made up from the Reserve Account by the withdrawal of cash therefrom

610 for that purpose and by the sale or redemption of obligations held in the Reserve Account, in such  
611 amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency  
612 with respect to Covered Bonds, and if a deficiency still exists immediately prior to an interest  
613 payment date and after the withdrawal of cash, the City shall then draw from any Qualified Letter  
614 of Credit or Qualified Insurance for Covered Bonds in sufficient amount to make up the deficiency.  
615 Such draw shall be made at such times and under such conditions as the agreement for such  
616 Qualified Letter of Credit or such Qualified Insurance provides.

617 In making the payments and credits to the Reserve Account required by this Section 8(b),  
618 to the extent that the City has obtained Qualified Insurance or a Qualified Letter of Credit for  
619 specific amounts required pursuant to this section to be paid out of the Reserve Account such  
620 amounts so covered by Qualified Insurance or a Qualified Letter of Credit will be credited against  
621 the amounts required to be maintained in the Reserve Account by this Section 8(b) to the extent  
622 that such payments and credits to be made are insured by an insurance company, or guaranteed by  
623 a letter of credit from a financial institution.

624 Any deficiency created in the Reserve Account by reason of any such withdrawal shall  
625 then be made up within one year of the date of withdrawal from Net Revenue (or out of any other  
626 money on hand legally available for such purpose) after making necessary provision for the  
627 payments required to be made by paragraphs First through Fourth in Section 7 of this ordinance.

628 Any Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than  
629 30 days' notice to the City. In the event of any cancellation, the Reserve Account shall be funded  
630 as if the Covered Bonds that remain outstanding had been issued on the date of such notice of  
631 cancellation.

632 If the City elects to meet the Reserve Requirement by using a Qualified Letter of Credit,  
633 Qualified Insurance or other equivalent credit enhancement device, the City may contract with the  
634 entity providing such Qualified Letter of Credit, Qualified Insurance or other equivalent credit  
635 enhancement device that the City's reimbursement obligation, if any, to such entity shall be made  
636 from payments of principal and interest on Covered Bonds from the City subject only to the prior  
637 lien thereon for the payments required hereunder to be made to registered owners of Parity Bonds.

638 (c) *Priority of Lien of Payments into Bond Fund and Reserve Account.* The amounts  
639 so pledged to be paid into the Bond Fund and the accounts therein from the Revenue Fund are  
640 hereby declared to be a prior lien and charge on the Revenue of the System superior to all other  
641 charges of any kind or nature whatsoever except the Operating Costs and payments required to be  
642 made to pay and secure the payment of the 2010 Bonds, and equal in rank to the lien and charge  
643 on Revenue of the System to pay and secure the payment of any Future Parity Bonds.

644 (d) *Application and Investment of Money in the Bond Fund.* Money in the Bond Fund  
645 may be kept in cash or Permitted Investments. Investments in the Debt Service Account shall  
646 mature prior to the date on which such money is needed for required interest or principal payments  
647 or having a guaranteed redemption price prior to maturity. Investments in the Reserve Account  
648 shall mature not later than the last maturity of any then outstanding Parity Bonds.

649 (e) *Sufficiency of Revenues.* The Assembly hereby finds that in fixing the amounts to  
650 be paid into the Bond Fund and the accounts therein out of Revenue of the System, it has exercised  
651 due regard for the Operating Costs and has not obligated the City to set aside and pay into the  
652 Bond Fund and the accounts therein a greater amount of such Revenue than in its judgment will  
653 be available over and above the Operating Costs and costs of paying debt service on the 2010  
654 Bonds.

655 Section 9. Defeasance. If money and/or Government Obligations, maturing at such  
656 time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire  
657 the Bond or a portion thereof in accordance with its terms, are set aside in a special account to  
658 effect such prepayment and retirement, and such money and the principal of and interest on such  
659 obligations are irrevocably set aside and pledged for such purpose, then no further payments need  
660 be made into the Bond Fund for the payment of the principal of and interest on the Bond or portion  
661 thereof so provided for, and the Bond or portion thereof shall cease to be entitled to any lien,  
662 benefit or security of this ordinance except the right to receive the money so set aside and pledged,  
663 and the Bond or portion thereof shall be deemed not to be outstanding hereunder.

664 Section 10. Specific Covenants.

665 (a) *Rate Covenant.* The City will establish, maintain and collect rates and charges for  
666 service of the Electric System for so long as the Bond is outstanding that will provide in any fiscal  
667 year hereafter Net Revenue, taking into account transfers from the Rate Stabilization Account in  
668 accordance with Section 7(c), in an amount equal to at least 125% of the Debt Service required to  
669 be paid in that fiscal year on the outstanding 2010 Bonds and Parity Bonds.

670 The City shall cause the rate coverage calculation described in this Section 10(a) to be  
671 made no later than 90 days following the end of each fiscal year. Failure to collect Revenue of the  
672 System in any fiscal year sufficient to comply with the rate covenant set forth in this Section 10(a)  
673 will not constitute an Event of Default under this ordinance if, before the 180th day of the following  
674 fiscal year, the City:

675 (1) employs a Consultant to recommend changes in the Electric System rates  
676 that are estimated to produce Revenue of the System sufficient to satisfy the rate covenant set forth  
677 in this Section 10(a); and

678 (2) imposes Electric System rates at least as high as those recommended by the  
679 Consultant that will become effective at the time or times so recommended.

680 (b) *Electric System Maintenance.* The City will at all times maintain and keep the  
681 Electric System in good repair, working order and condition, and also will at all times operate the  
682 Electric System and the business in connection therewith in an efficient manner and at a reasonable  
683 cost.

684 (c) *Disposal of Properties.* The City will not mortgage, sell, lease, or in any manner  
685 encumber or dispose of all or substantially all the property of the Electric System (voluntarily or  
686 involuntarily), unless provision is made for payment into the Bond Fund of a sum sufficient to pay  
687 the principal of, premium, if any, and interest on all outstanding Parity Bonds, nor will it mortgage,  
688 sell, lease, or in any manner encumber or dispose of (including but not limited to a disposition by

689 transfer to another public or private organization) voluntarily or involuntarily any part of the  
690 Electric System that is used, useful and material to the operation of the Electric System unless:

691 (1) the City certifies, based upon reasonable expectations, that the remaining  
692 assets of the Electric System will be sufficient to continue regular operations of the City on a  
693 financially sound basis for a period of at least five years and

694 (2) provision is made for replacement thereof or for payment into the Bond  
695 Fund of the total amount of revenue received, which shall not be less than an amount that bears  
696 the same ratio to the amount of outstanding Parity Bonds as the greatest of

697 (A) the Net Revenue available for Debt Service for such outstanding  
698 Parity Bonds for the 12 months preceding such sale, lease, encumbrance or disposal from the  
699 portion of the Electric System sold, leased, encumbered or disposed of bears to the Net Revenue  
700 available for Debt Service for such Parity Bonds from the entire Electric System for the same  
701 period;

702 (B) the Revenue of the System for the 12 months preceding such sale,  
703 lease, encumbrance or disposal from the portion of the Electric System sold, leased, encumbered  
704 or disposed of bears to the Revenue of the System for the same period;

705 (C) the proportion of assets (on a depreciated basis) allocable to the  
706 assets being sold, leased, encumbered or disposed of bears to the total assets of the Electric System;  
707 or

708 (D) the ratio of the number of customers of the City allocable to the  
709 assets being sold, leased, encumbered or disposed of to the total number of customers of the  
710 Electric System,

711 except that the City may dispose of any portion of the facilities of the Electric System up to an  
712 aggregate of 5% of the book value of the total assets of the Electric System without the requirement  
713 for any deposit to the Bond Fund as hereinabove provided.

714 Any such money so paid into the Bond Fund must be used to retire such outstanding Parity  
715 Bonds at the earliest possible date. Any money received by the City as condemnation awards,  
716 insurance proceeds or the proceeds of sale, if not deposited to the Bond Fund, shall be used for the  
717 replacement of facilities of the Electric System.

718 (d) *Books and Records.* The City will, while the Bond remains outstanding, keep  
719 proper and separate accounts and records in which complete and separate entries shall be made of  
720 all transactions relating to the Electric System, and it will furnish the registered owner of the Bond,  
721 at the written request of the owner, complete operating and income statements of the Electric  
722 System in reasonable detail covering any fiscal year, showing compliance with the terms and  
723 conditions of this ordinance, not more than 150 days after the close of such fiscal year, and it will  
724 grant the owner of the Bond the right at all reasonable times to inspect the entire Electric System  
725 and all records, accounts and data of the City relating thereto. Upon request of the owner of the  
726 Bond, it will also furnish to the owner a copy of the most recently completed audit of the City's  
727 accounts by an independent certified public accountant.

728 (e) *No Free Service.* The City will not furnish any commodity or service of the Electric  
729 System to any customer whatsoever free of charge (except as permitted by law to aid the poor, to  
730 provide for resource conservation or to provide for the proper handling of hazardous materials)  
731 and will promptly take legal action to enforce collection of all delinquent accounts.

732 (f) *Insurance.* The City will either self-insure or, as needed, and to the extent insurance  
733 coverage is available at reasonable cost with responsible insurers, keep, or cause to be kept, the  
734 Electric System and the operation thereof insured, with policies payable to the City, against the  
735 risks of direct physical loss, damage to or destruction of the Electric System, or any part thereof,  
736 and against accidents, casualties or negligence, including liability insurance and employer's  
737 liability, at least to the extent that similar insurance is usually carried by municipalities operating  
738 like utilities. If insurance policies to provide coverage required by this subsection are not  
739 obtainable at reasonable cost with responsible insurers, the City shall, prior to the lapse of such  
740 policies, deliver an opinion to that effect to the Registered Owner of the Bond.

741 Section 11. Issuing Future Parity Bonds.

742 (a) *No Senior Lien Bonds.* The City hereby covenants and agrees with the owner of  
743 the Bond that the City will hereafter issue no bonds with a lien on Revenue of the System superior  
744 to the lien thereon of the Bond, and by this covenant and agreement the City expressly waives its  
745 rights under Ordinance No. 2010-29 to issue additional bonds on a parity of lien with the 2010  
746 Bonds.

747 (b) *Conditions for Issuing Future Parity Bonds.* Except as provided in subsections (e)  
748 and (f) below, the City will issue Future Parity Bonds or incur any additional indebtedness with a  
749 parity lien or charge on Net Revenue (*i.e.*, on a parity of lien with the Bond and any other Parity  
750 Bonds at the time outstanding) only in compliance with the following conditions:

751 (1) At the time of the issuance of any Future Parity Bonds, there is no deficiency  
752 in the Bond Fund or any of the accounts therein;

753 (2) The ordinance authorizing the issuance of Future Parity Bonds will include  
754 the covenants provided in Section 10 hereof and provide that the Reserve Requirement, if any, will  
755 be funded no later than the date of delivery of the Future Parity Bonds; and

756 (3) the City will have on file a certificate (dated no earlier than the date that is  
757 90 days prior to the date of issuance of the Future Parity Bonds) relating to Net Revenue, as  
758 described in subsection (c) or (d) below, except as otherwise permitted under subsection (e) below.

759 (c) *Certificate of the City Without A Consultant.* If required pursuant to  
760 subsection (b)(3) above, a certificate may be delivered by the City, executed by the Chief Finance  
761 and Administrative Officer without a Consultant, showing that Net Revenue (which may be based  
762 on unaudited financial statements of the City if the audit has not yet been completed) for the Base  
763 Period equals at least 125% of the maximum Annual Debt Service for all 2010 Bonds and Parity  
764 Bonds then outstanding plus the proposed Future Parity Bonds.

765 (d) *Certificate of a Consultant.* If required pursuant to subsection (b)(3) above, a  
766 certificate of a Consultant may be delivered by the City showing that Net Revenue for the Base

767 Period equals at least 125% of the maximum Annual Debt Service for all 2010 Bonds and Parity  
768 Bonds then outstanding plus the proposed Future Parity Bonds. In computing Net Revenue for the  
769 purpose of this certificate, the Consultant shall use as a basis the Net Revenue (which may be  
770 based on unaudited financial statements of the City if the audit has not yet been completed) for the  
771 Base Period. Such Net Revenue may be adjusted to take into consideration changes in Net Revenue  
772 estimated to occur under one or more of the following conditions after delivery of the proposed  
773 Future Parity Bonds:

774 (1) any increase or decrease in Net Revenue projected to result from changes  
775 in rates and charges (A) adopted prior to the date of the certificate but after the beginning of the  
776 Base Period and (B) effective at any time prior to the date needed for payment of Debt Service on  
777 Parity Bonds;

778 (2) any increase or decrease in Net Revenue estimated by such engineer or  
779 accountant to result from any additions, betterments and improvements to and extensions of any  
780 facilities of the Electric System that (A) became fully operational after the beginning of the Base  
781 Period, (B) were under construction at the time of such certificate, or (c) will be constructed from  
782 the proceeds of the Future Parity Bonds to be issued;

783 (3) the additional Net Revenue that would have been received if any customers  
784 added to the Electric System after the beginning of the Base Period had been customers for the  
785 entire period.

786 The Consultant shall base the certification upon, and the certificate shall have attached  
787 thereto, financial statements of the Electric System, certified by the Chief Finance and  
788 Administrative Officer, showing income and expenses for the Base Period.

789 (e) *No Certificate Required.* The certificate described in subsection (b)(3) and  
790 subsections (c) or (d) above is not required as a condition to the issuance of Future Parity Bonds:

791 (1) if the Future Parity Bonds being issued are for the purpose of refunding  
792 outstanding Parity Bonds; or

793 (2) if the Future Parity Bonds are being issued to pay costs of construction of  
794 facilities of the Electric System for which Parity Bonds have been issued previously and the  
795 principal amount of such Future Parity Bonds being issued for completion purposes does not  
796 exceed an amount equal to an aggregate of 15% of the principal amount of Parity Bonds theretofore  
797 issued for such facilities and reasonably allocable to the facilities to be completed as shown in a  
798 written certificate of the Chief Finance and Administrative Officer, and there is delivered a  
799 certificate of the Municipal Administrator stating that the nature and purpose of such facilities has  
800 not materially changed.

801 (f) *Refunding Obligations.* Nothing herein contained shall prevent the City from  
802 issuing revenue bonds to refund maturing Parity Bonds for the payment of which money is not  
803 otherwise available.

804 Section 12. Subordinate Lien Bonds. Nothing herein contained shall prevent the City  
805 from issuing revenue bonds or other obligations that are a charge upon the Revenue of the System

806 subordinate or inferior to the payments required by this ordinance to be made out of such Revenue  
807 to pay and secure the payment of any Parity Bonds. Such subordinate or inferior obligations may  
808 not be subject to acceleration. This prohibition against acceleration does not prohibit mandatory  
809 tender or other tender provisions with respect to variable rate obligations.

810 Section 13. Form of the Bond. The Bond will be in substantially the form set forth on  
811 Exhibit A.

812 Section 14. Execution of the Bond. The Bond shall be signed on behalf of the City by  
813 the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile  
814 signature of the Municipal Clerk, and the seal of the City shall be impressed or imprinted thereon.

815 Only a Bond that bears thereon a Certificate of Authentication in the form set forth in  
816 Exhibit A, manually executed by the Registrar, shall be valid or obligatory for any purpose or  
817 entitled to the benefits of this ordinance. The Certificate of Authentication shall be conclusive  
818 evidence that the Bond so authenticated has been duly executed, authenticated, registered, and  
819 delivered hereunder and is entitled to the benefits of this ordinance.

820 In case any officer of the City who has signed, attested, authenticated, registered, or sealed  
821 the Bond ceases to hold that office before the Bond so signed, attested, authenticated, registered  
822 or sealed has been actually issued and delivered, the Bond shall be valid nevertheless and may be  
823 issued by the City with the same effect as though the person who had signed, attested,  
824 authenticated, registered or sealed that Bond had not ceased to hold that office. Any Bond may  
825 also be signed, attested, authenticated, registered or sealed on behalf of the City by a person who,  
826 at the actual date of execution of the Bond is a proper officer of the City although at the original  
827 date of the Bond that person did not hold that office.

828 Section 15. Lost or Destroyed Bond. If the Bond is lost, stolen or destroyed, the  
829 Registrar may authenticate and deliver a new Bond of like amount, date, and tenor to the Registered  
830 Owner upon such owner's paying the expenses and charges of the City in connection with  
831 preparation and authentication of the replacement Bond and upon his or her filing with the  
832 Registrar evidence satisfactory to the Registrar that the Bond was actually lost, stolen or destroyed  
833 and of his or her ownership, and upon furnishing the City with indemnity satisfactory to the  
834 Registrar.

835 Section 16. Application of Bond Proceeds; Plan of Refunding. Upon the issuance of  
836 the Bond, proceeds of the Bond shall be applied, as follows:

837 (a) An amount sufficient to pay in full the outstanding balance of the AEA Loan shall  
838 be paid to or at the direction of AEA;

839 (b) An amount shall be deposited in the Reserve Account that is sufficient, with other  
840 funds on deposit therein, to satisfy the Reserve Requirement for the Bond; and

841 (c) The remaining proceeds of the Bond shall be applied to pay costs of issuance of the  
842 Bond, with any balance deposited into the Bond Fund.

843           Section 17. Sale of the Bond. The Chief Finance and Administrative Officer is  
844 authorized to negotiate the sale of the Bond to the Bond Bank on terms and conditions consistent  
845 with this ordinance and the Bond Bank’s loan approval to be set forth in a Loan Agreement by and  
846 between the City and the Bond Bank (a sample of which is set forth on Exhibit B attached hereto).  
847 The Loan Agreement will include the principal amount, date, principal installment payment  
848 schedules, interest rates, and prepayment provisions for the Bond, all as provided for in this  
849 ordinance, subject to the approval of the Municipal Administrator, which approval shall be  
850 evidenced by the Municipal Administrator’s execution of the Loan Agreement. Following the  
851 execution of the Loan Agreement, the Chief Finance and Administrative Officer shall provide a  
852 report to the Assembly, describing the final terms of the Bond approved pursuant to the authority  
853 delegated by this ordinance.

854           The authority granted to the Chief Finance and Administrative Officer and Municipal  
855 Administrator by this section for the initial sale of the Bond shall expire on December 31, 2020. If  
856 a Loan Agreement for the Bond has not been executed by December 31, 2020, the authorization  
857 for the issuance of the Bond shall be rescinded, and the Bond shall not be issued nor its sale  
858 approved unless the Bond is re-authorized by ordinance. The ordinance reauthorizing the issuance  
859 and sale of the Bond may be in the form of a new ordinance repealing this ordinance in whole or  
860 in part (only with respect to the Bond not issued) or may be in the form of an amendatory ordinance  
861 approving a Loan Agreement or establishing terms and conditions for the authority delegated under  
862 this section.

863           The proper officials of the City and their agents and representatives are hereby authorized  
864 and directed to do everything necessary for the prompt execution and delivery of the Bond to the  
865 Bond Bank in accordance with the provisions of this ordinance and the Loan Agreement.

866           The Chief Finance and Administrative Office and Municipal Administrator are further  
867 authorized from time to time to approve a revised schedule of principal payment amounts and  
868 interest rates for the Bond, in accordance with the refinancing provisions of the Loan Agreement  
869 in connection with a refunding of the Bond Bank Bonds, so long as the revised debt service  
870 schedule is financially advantageous to the City. The Municipal Administrator is authorized to  
871 sign an amendment to the Loan Agreement that sets forth the revised debt service schedule, and  
872 the Municipal Administrator, Chief Finance and Administrative Officer, Municipal Attorney,  
873 Municipal Clerk, and other appropriate officers of the City are authorized and directed to take such  
874 steps, to do such other acts and things, and to execute such letters, certificates, agreements, or  
875 instruments as in their judgment may be necessary, appropriate or desirable for refinancing the  
876 Bonds in connection with a refunding of the Bond Bank Bonds.

877  
878           Section 18. Events of Default.

879           To protect and safeguard the covenants and obligations undertaken by the City securing  
880 the Bond, the City hereby covenants and agrees with the purchaser and owner from time to time  
881 of the Bond that the following shall constitute “Events of Default”:

- 882           (1) If default is made in the due and punctual payment of the principal of or  
883 premium, if any, on any of the Parity Bonds when the same become due and payable, either at maturity  
884 or by proceedings for redemption or otherwise;

885 (2) If default is made in the due and punctual payment of any installment of interest  
886 on any Parity Bond;

887 (3) If the City fails, by any Sinking Fund Requirement date, to have purchased or  
888 redeemed Term Bonds in a cumulative principal amount at least equal to the cumulative Sinking Fund  
889 Requirements at such Sinking Fund requirement date;

890 (4) If the City defaults in the observance and performance of any other of the  
891 covenants, conditions and agreements on the part of the City contained in this ordinance and such  
892 default or defaults continues for a period of 90 days after the City receives from a representative of (a)  
893 owners of not less than 66% in principal amount of the Parity Bonds then outstanding or (b) the Bond  
894 Bank, if the Bond Bank is then the Registered Owner of any of the Parity Bonds, a written notice  
895 specifying and demanding the cure of such default;

896 (5) If the City (except as herein permitted) sells, transfers, assigns or conveys any  
897 properties constituting the Electric System or interests therein, or makes any agreement for such sale  
898 or transfer (except as expressly authorized herein);

899 (6) If an order, judgment or decree is entered by any court of competent  
900 jurisdiction: (a) appointing a receiver, trustee or liquidator for the City or the whole or any substantial  
901 part of the Electric System; (b) approving a petition filed against the City seeking the bankruptcy,  
902 arrangement or reorganization of the City under any applicable law of the United States or the State of  
903 Alaska; or (c) assuming custody or control of the City or of the whole or any substantial part of the  
904 Electric System under the provisions of any other law for the relief or aid of debtors and such order,  
905 judgment or decree is not vacated or set aside or stayed (or, in case custody or control is assumed by  
906 said order, such custody or control is not otherwise terminated) within 90 days from the date of the  
907 entry of such order, judgment or decree; or

908 (7) If the City: (a) admits in writing its inability to pay its debts generally as they  
909 become due; (b) files a petition in bankruptcy or seeking a composition of indebtedness under any state  
910 or federal bankruptcy or insolvency law; (c) makes an assignment for the benefit of its creditors;  
911 (d) consents to the appointment of a receiver of the whole or any substantial part of the Electric System;  
912 or (e) consents to the assumption by any court of competent jurisdiction under the provisions of any  
913 other law for the relief or aid of debtors of custody or control of the City or of the whole or any  
914 substantial part of the Electric System.

915 Section 19. Remedies Available for an Event of Default.

916 (a) *Waivers of Default.* No delay or omission of the owners of the Parity Bonds to  
917 exercise any right or power arising upon the happening of an Event of Default shall impair any  
918 right or power or shall be construed to be a waiver of any such Event of Default or to be an  
919 acquiescence therein; and every power and remedy given by this Section to the owners of Parity  
920 Bonds may be exercised from time to time and as often as may be deemed expedient by such  
921 owners.

922 The owners of not less than 66% in principal amount of the Parity Bonds at the time  
923 outstanding (the "Majority Bondowners"), or their attorneys-in-fact duly authorized, may on  
924 behalf of the owners of all of the Parity Bonds waive any past default under this ordinance and its  
925 consequences, except a default in the payment of the principal of, premium, if any, or interest on

926 any of the Parity Bonds. No such waiver shall extend to any subsequent or other default or impair  
927 any right consequent thereon.

928 (b) *Suits at Law or in Equity.* The Majority Bondowners may, upon the happening of  
929 an Event of Default, and during the continuance thereof, take such steps and institute such suits,  
930 actions or other proceedings all as may be deemed appropriate for the protection and enforcement  
931 of the rights of owners of the Parity Bonds to collect any amounts due and owing the City, or to  
932 obtain other appropriate relief, and may enforce the specific performance of any covenant,  
933 agreement or condition contained in this ordinance, or in any of the Parity Bonds.

934 Any action, suit or other proceedings instituted by the Majority Bondowners hereunder  
935 shall be brought in its name on behalf of all owners of the Parity Bonds, and all such rights of  
936 action upon or under any of the Parity Bonds or the provisions of this ordinance may be enforced  
937 by the Majority Bondowners without the possession of any of said Parity Bonds and without the  
938 production of the same at any trial or proceedings relative thereto except where otherwise required  
939 by law, and the respective owners of said Parity Bonds, by taking and holding the same, shall be  
940 conclusively deemed irrevocably to appoint the Majority Bondowners the true and lawful trustee  
941 of the respective owners of the Parity Bonds, with authority to institute any such action, suit or  
942 proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account  
943 of the Parity Bonds; to execute any paper or documents for the receipt of such money, and to do  
944 all acts with respect thereto that the owner of a Parity Bond might have done in person. Nothing  
945 herein contained shall be deemed to authorize or empower the Majority Bondowners to consent to  
946 accept or adopt, on behalf of any owner of any Parity Bond, any plan or reorganization or  
947 adjustment affecting the Parity Bonds or any right of any owner thereof, or to authorize or  
948 empower the Majority Bondowners to vote the claims of the owners thereof in any receivership,  
949 insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City shall be  
950 a party.

951 Nothing contained in this ordinance shall, in any event or under any circumstance, be deemed  
952 to authorize the acceleration of maturity of principal on Parity Bonds outstanding, and the remedy of  
953 acceleration is expressly denied to the owners of Parity Bonds outstanding under any circumstances  
954 including, without limitation, upon the occurrence and continuance of an Event of Default.

955 (c) *Books of City Open to Inspection.* The City covenants that if an Event of Default  
956 occurs and is not remedied, the books of record and account of the City will at all reasonable times  
957 be subject to the inspection and use of the owners of any Parity Bonds.

958 The City covenants that if an Event of Default happens and is not remedied, the City will  
959 continue to account, as trustee of an express trust, for all Revenues of the System and other money,  
960 securities and funds pledged under this ordinance.

961  
962 Section 20. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of  
963 the Securities and Exchange Commission (the “Rule”), the City may now or in the future be an  
964 “obligated person” with respect to the Bond Bank Bonds or other bonds issued by the Bond Bank.  
965 In accordance with the Rule and as the Bond Bank may require, the City shall undertake to provide  
966 certain annual financial information and operating as shall be set forth in the Loan Agreement.



999 NO. \_\_\_\_\_ \$ \_\_\_\_\_  
 1000  
 1001 UNITED STATES OF AMERICA  
 1002  
 1003 STATE OF ALASKA  
 1004  
 1005 CITY AND BOROUGH OF SITKA  
 1006 JUNIOR LIEN ELECTRIC REVENUE REFUNDING BOND, 20\_\_ (TAXABLE)  
 1007  
 1008 INTEREST RATE: FINAL MATURITY DATE:  
 1009 SEE BELOW  
 1010 REGISTERED OWNER: ALASKA MUNICIPAL BOND BANK  
 1011 PRINCIPAL AMOUNT: \_\_\_\_\_ AND NO/100 DOLLARS

1012 The City and Borough of Sitka, Alaska (the “City”), a municipal corporation organized and  
 1013 existing under and by virtue of its charter and the laws and Constitution of the State of Alaska,  
 1014 hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner  
 1015 identified above, or registered assigns, the principal amount specified above, in installments  
 1016 payable as set forth below, together with interest on such installments from the date hereof or the  
 1017 most recent date to which interest has been paid or duly provided for, at the interest rates set forth  
 1018 below, on \_\_\_\_\_ 1, 20\_\_, and on each \_\_\_\_\_ 1 and \_\_\_\_\_ 1 thereafter until payment of  
 1019 the principal sum has been made or duly provided for.

| Principal Installment<br>Payment Year<br>(_____ 1) | Principal Installment<br>Amount | Interest<br>Rate |
|----------------------------------------------------|---------------------------------|------------------|
| 2021                                               |                                 |                  |
| 2022                                               |                                 |                  |
| 2023                                               |                                 |                  |
| 2024                                               |                                 |                  |
| 2025                                               |                                 |                  |
| 2026                                               |                                 |                  |
| 2027                                               |                                 |                  |
| 2028                                               |                                 |                  |
| 2029                                               |                                 |                  |
| 2030                                               |                                 |                  |
| 2031                                               |                                 |                  |
| 2032                                               |                                 |                  |
| 2033                                               |                                 |                  |

1020 Both principal of and interest on this bond are payable solely from the special fund of the  
 1021 City known as the City and Borough of Sitka 2013 Electric Revenue Bond Redemption Fund (the  
 1022 “Bond Fund”). Payments of principal of and interest on this bond shall be made in lawful money  
 1023 of the United States of America. Installments of principal of and interest on this bond are payable  
 1024 by check or draft of the Chief Finance and Administrative Officer of the City (the “Registrar”)  
 1025 mailed on the date such interest is due to the Registered Owner at the address appearing on the  
 1026

1027 Bond Register as of the fifteenth day of the month preceding the interest payment date. The final  
1028 installment of principal of and interest on this bond shall be paid to the Registered Owner upon  
1029 presentation and surrender of this bond at the office of the Registrar. Notwithstanding the  
1030 foregoing, so long as the Bond Bank is the Registered Owner of this bond, payments of principal  
1031 of and interest on this bond shall be made to the Bond Bank in accordance with the Loan  
1032 Agreement.

1033 This bond is issued pursuant to Ordinance No. 2020-30, passed June 9, 2020 (the “Bond  
1034 Ordinance”), to provide funds to refinance an outstanding loan to the City from the Alaska Energy  
1035 Authority. Capitalized terms used in this bond and not otherwise defined herein have the meanings  
1036 given those terms in the Bond Ordinance.

1037 Principal installments of this bond are subject to prepayment as provided in the Bond  
1038 Ordinance and in the Loan Agreement.

1039 The City does hereby pledge and bind itself to set aside from the Electric System Revenue  
1040 Fund of the City created by the Bond Ordinance, and to pay into the Bond Fund and the Accounts  
1041 therein, the various amounts required by the Bond Ordinance to be paid into and maintained in  
1042 said Fund and Accounts, all within the times provided by the Bond Ordinance. The City has further  
1043 pledged and bound itself to pay into the Revenue Fund as collected, all Revenue of the System.

1044 The amounts so pledged to be paid out of the Revenue Fund into the Bond Fund and  
1045 Accounts therein are hereby declared to be a prior lien and charge upon money in the Revenue  
1046 Fund superior to all other charges of any kind or nature except Operating Costs and the costs of  
1047 paying and securing payment of the 2010 Bonds and equal in rank to the lien and charge on the  
1048 money in the Bond Fund to pay and secure the payment of other Parity Bonds.

1049 The pledge of Revenue of the System for payment of principal of and interest on this bond  
1050 may be discharged prior to maturity of this bond by making provision for the payment thereof on  
1051 the terms and conditions set forth in the Bond Ordinance and Loan Agreement.

1052 This bond will not be valid or become obligatory for any purpose or be entitled to any  
1053 security or benefit under the Bond Ordinance until the Certificate of Authentication hereon has  
1054 been manually signed by the Registrar.

1055 It is hereby certified and declared that this bond is issued pursuant to and in strict  
1056 compliance with the Constitution and laws of the State of Alaska and the charter, ordinances, and  
1057 resolutions of the City, that all acts, conditions and things required to be done precedent to and in  
1058 the issuance of this bond have happened, been done and performed, and that this bond does not  
1059 exceed any Constitutional or statutory limitations.

1060 IN WITNESS WHEREOF, the City and Borough of Sitka, Alaska, has caused this bond to  
1061 be signed on behalf of the City with the manual or facsimile signature of the Mayor, to be attested  
1062 by the manual or facsimile signature of the Municipal Clerk, and the seal of the City to be imprinted  
1063 or impressed hereon, as of this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

1064 CITY AND BOROUGH OF SITKA,  
1065 ALASKA

1066  
1067  
1068 By \_\_\_\_\_ /s/  
1069 Gary L. Paxton, Mayor

1070 [SEAL]

1071  
1072 ATTEST:

1073  
1074  
1075 /s/ \_\_\_\_\_  
1076 Sara Peterson, MMC  
1077 Municipal Clerk

1078  
1079 CERTIFICATE OF AUTHENTICATION

1080  
1081 Date of Authentication: \_\_\_\_\_

1082 This is the City and Borough of Sitka, Alaska, Junior Lien Electric Revenue Refunding  
1083 Bond, 20\_\_ (Taxable), dated \_\_\_\_\_, 20\_\_, as described in the Bond Ordinance.

1084  
1085  
1086  
1087 \_\_\_\_\_  
1088 Chief Finance and Administrative Officer,  
1089 City and Borough of Sitka, Alaska, as  
1090 Registrar

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**EXHIBIT B**

**FORM OF  
LOAN AGREEMENT**

THIS LOAN AGREEMENT, dated as of the \_\_\_ day of \_\_\_\_\_ 20\_\_ (the "Loan Agreement"), between the Alaska Municipal Bond Bank (the "Bank"), a body corporate and politic constituted as an instrumentality of the State of Alaska (the "State") exercising public and essential governmental functions, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended (the "Act"), having its principal place of business at Juneau, Alaska, and the [City] [Borough], Alaska, a duly constituted \_\_\_\_\_ [City] [Borough] of the State (the "[City] [Borough]");

W I T N E S S E T H:

WHEREAS, pursuant to the Act, the Bank is authorized to issue bonds and make loans of money (the "Loan" or "Loans") to governmental units; and

WHEREAS, the [City] [Borough] is a "Governmental Unit" as defined in the General Bond Resolution of the Bank hereinafter mentioned and is authorized to accept a Loan from the Bank, evidenced by its municipal bond; and

WHEREAS, the [City] [Borough] desires to borrow money from the Bank in the amount not to exceed \$ \_\_\_\_\_ and has submitted an application to the Bank for a Loan in the amount not to exceed \$ \_\_\_\_\_; and

WHEREAS, the [City] [Borough] has duly authorized the issuance of its fully registered bond in the principal amount of \$ \_\_\_\_\_ (the "Municipal Bond"), which Municipal Bond is to be purchased by the Bank as evidence of and security for the [City's] [Borough's] obligation to repay the Loan in accordance with this Loan Agreement; and

WHEREAS, the application of the [City] [Borough] contains the information requested by the Bank; and

WHEREAS, to provide for the issuance of bonds of the Bank to obtain from time to time money with which to make and/or refinance Loans, the Board of Directors of the Bank (the "Board") has adopted its General Obligation Bond Resolution on July 13, 2005, as amended (the "General Bond Resolution"); and

WHEREAS, the Board approved certain modifications to the General Bond Resolution, effective on the date when all bonds issued under the terms of the General Bond Resolution, prior to February 19, 2013, cease to be outstanding; and

WHEREAS, on April [\_\_], 2020, the Board adopted Series Resolution No. 2020-[\_\_] (the "Series Resolution" and together with the General Bond Resolution, the "Bond Resolution"), authorizing the Bank to, among other things, issue the Bank's General Obligation and Refunding Bonds, 2020 Series One Bonds and General Obligation and Refunding Bonds, 2020 Series Two

CERTIFICATE

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I, the undersigned, duly chosen, qualified and acting Municipal Clerk of the City and Borough of Sitka (the “City”) and keeper of the records of the Assembly, DO HEREBY CERTIFY:

1. That the attached is a true and correct copy of Ordinance No. 2020-\_\_\_\_\_ of the Assembly (the “Ordinance”), as finally adopted at a regular meeting of the Assembly held on \_\_\_\_\_, 2020, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum of the Assembly was present throughout the meeting and a legally sufficient number of members of the Assembly voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
Municipal Clerk  
City and Borough of Sitka



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: RES 20-19    Version: 1    Name:  
Type: Resolution    Status: AGENDA READY  
File created: 5/20/2020    In control: City and Borough Assembly  
On agenda: 5/26/2020    Final action:  
Title: Accepting Coronavirus relief funds in the amount of \$14,057,653.37 for costs that are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19), from the Alaska Department of Commerce, Community and Economic Development and authorizing the Municipal Administrator to execute the finalized grant agreement (1st and final reading)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Res 2020-19](#)  
[Memo Res 2020-19](#)  
[Res 2020-19](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

## **POSSIBLE MOTION**

**I MOVE TO** approve Resolution 2020-19 on first and final reading accepting Coronavirus Relief Funds in the amount of \$14,057,653.37 for costs that are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19), from the Alaska Department of Commerce, Community and Economic Development and authorizing the Municipal Administrator to execute the finalized grant agreement.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Paxton and Assembly Members  
**From:** John Leach, Municipal Administrator   
**Date:** May 21, 2020  
**Subject:** Timing and of CARES Act funding and Associated Milestones

---

### **Issue:**

The City and Borough of Sitka is poised to receive in excess of \$14 million dollars in ACRES Act pass-thru grant from the State of Alaska. Accordingly, ordinances are being proposed to establish subsidization programs to be funded by CARES Act grant funds.

The purpose of this memo is to articulate the timeline and steps necessary for receiving CARES Act grant funds and for the disbursement of such funds if the accompanying subsidization program ordinances are approved. It is important to specifically point out that, even if subsidization programs are created through the passage of ordinances, that no actual subsidization payments will be made until grant funding is received and receipt of such funding can only occur after certain milestones are accomplished.

### **Analysis:**

#### **Timeline and Steps Required to Actually Receive CARES Act grant funding**

The State of Alaska has advised that two sequential steps must be completed for Sitka to receive CARES Act funding, once the State begins actual disbursement of CARES Act grant funds (which has not yet commenced). Those two sequential steps are:

- (1) A Municipality must pass a Resolution for acceptance of Coronavirus Relief Funds. A proposed Resolution accompanies this memorandum for Assembly consideration and action.
- (2) Once a Resolution has been passed, a Municipality will be required to enter into a formal grant agreement with the State of Alaska, Department of Commerce and Economic Development (DCCED). DCCED has forwarded a

draft agreement to Sitka, but it is unclear whether Sitka, upon passage of the required Resolution, can simply fill in the blanks in the draft agreement and submit it. It is highly likely that DCCED, upon receipt of a valid resolution, will subsequently prepare a formal grant agreement itself, with all required information, and send that to Sitka for execution. The reason this nuance is important is that no funds will be disbursed until a formal grant agreement is entered and the administrative steps DCCED must take may delay actual receipt of funds by several weeks.

### **Development of Disbursement Program Administrative Policies to Simultaneously Coincide**

Staff intends to rapidly commence immediately with the development of administrative policies and procedures for the proposed disbursement programs outlined in the accompanying ordinances.

It is possible that ordinances are passed, and administrative policies are fully developed and approved before the process of receiving and executing a grant agreement with DCCED is completed. This may especially be the case if the preparation of grant agreements by DCCED is delayed for some administrative or legal reason.

### **Recommendation**

Staff recommends that the Assembly approve the accompanying Resolution for Acceptance of Coronavirus Relief Fund and approve the ordinances establishing subsidization programs to be funded with grant funds. All parties must understand, however, that until the CBS actually receives a grant agreement from DCCED and signs and returns it, no funds will be received, and no subsidization payments will be made.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2020-19

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA ACCEPTING CORONAVIRUS RELIEF FUNDS IN THE AMOUNT OF \$14,057,653.37 FOR COSTS THAT ARE NECESSARY EXPENDITURES INCURRED DUE TO THE PUBLIC HEALTH EMERGENCY WITH RESPECT TO THE CORONAVIRUS DISEASE 2019 (COVID-19), FROM THE ALASKA DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC DEVELOPMENT AND AUTHORIZING THE MUNICIPAL ADMINISTRATOR TO EXECUTE THE FINALIZED GRANT AGREEMENT**

**WHEREAS**, on March 11, 2020, the World Health Organization (“WHO”) declared the COVID-19 virus a pandemic and the State of Alaska declared a public health emergency in response to the anticipated outbreak of the COVID-19 virus in Alaska; and

**WHEREAS**, on March 15, 2020, the Municipal Administrator declared a local emergency in response to COVID-19 which was continued by the City and Borough of Sitka Assembly in Resolution 2020-05; and

**WHEREAS**, the COVID-19 pandemic has caused great personal hardships and significant risk to life, health, and welfare of persons in Sitka; and

**WHEREAS**, the City and Borough of Sitka wishes to provide the above described funds for the community of Sitka.

**NOW, THEREFORE, BE IT RESOLVED** by the Assembly of the City and Borough of Sitka to accept \$14,057,653.37 in Coronavirus relief funds from the Alaska Department of Commerce, Community and Economic Development and authorize the Municipal Administrator to execute the final grant agreement, upon receipt from the Alaska Department of Commerce, Community and Economic Development.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska on this 26th day of May, 2020.

\_\_\_\_\_  
Gary L. Paxton, Mayor

ATTEST:

\_\_\_\_\_  
Sara Peterson, MMC  
Municipal Clerk

1<sup>st</sup> and final reading 5/26/2020

Sponsor: Administrator



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 20-31    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 5/21/2020    In control: City and Borough Assembly

On agenda: 5/26/2020    Final action:

Title: Making supplemental appropriations for Fiscal Year 2021 (CARES Act Funding) (1st reading)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2020-31](#)  
[Memo Ord 2020-31](#)  
[Ord 2020-31](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2020-31 on first reading making supplemental appropriations for Fiscal Year 2021 (CARES Act Funding).



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Paxton and Assembly Members

**From:** John Leach, Municipal Administrator 

**Date:** May 21, 2020

**Subject:** Timing and of CARES Act funding and Associated Milestones

---

### **Issue:**

The City and Borough of Sitka is poised to receive in excess of \$14 million dollars in ACRES Act pass-thru grant from the State of Alaska. Accordingly, ordinances are being proposed to establish subsidization programs to be funded by CARES Act grant funds.

The purpose of this memo is to articulate the timeline and steps necessary for receiving CARES Act grant funds and for the disbursement of such funds if the accompanying subsidization program ordinances are approved. It is important to specifically point out that, even if subsidization programs are created through the passage of ordinances, that no actual subsidization payments will be made until grant funding is received and receipt of such funding can only occur after certain milestones are accomplished.

### **Analysis:**

#### **Timeline and Steps Required to Actually Receive CARES Act grant funding**

The State of Alaska has advised that two sequential steps must be completed for Sitka to receive CARES Act funding, once the State begins actual disbursement of CARES Act grant funds (which has not yet commenced). Those two sequential steps are:

- (1) A Municipality must pass a Resolution for acceptance of Coronavirus Relief Funds. A proposed Resolution accompanies this memorandum for Assembly consideration and action.
- (2) Once a Resolution has been passed, a Municipality will be required to enter into a formal grant agreement with the State of Alaska, Department of Commerce and Economic Development (DCCED). DCCED has forwarded a

draft agreement to Sitka, but it is unclear whether Sitka, upon passage of the required Resolution, can simply fill in the blanks in the draft agreement and submit it. It is highly likely that DCCED, upon receipt of a valid resolution, will subsequently prepare a formal grant agreement itself, with all required information, and send that to Sitka for execution. The reason this nuance is important is that no funds will be disbursed until a formal grant agreement is entered and the administrative steps DCCED must take may delay actual receipt of funds by several weeks.

### **Development of Disbursement Program Administrative Policies to Simultaneously Coincide**

Staff intends to rapidly commence immediately with the development of administrative policies and procedures for the proposed disbursement programs outlined in the accompanying ordinances.

It is possible that ordinances are passed, and administrative policies are fully developed and approved before the process of receiving and executing a grant agreement with DCCED is completed. This may especially be the case if the preparation of grant agreements by DCCED is delayed for some administrative or legal reason.

### **Recommendation**

Staff recommends that the Assembly approve the accompanying Resolution for Acceptance of Coronavirus Relief Fund and approve the ordinances establishing subsidization programs to be funded with grant funds. All parties must understand, however, that until the CBS actually receives a grant agreement from DCCED and signs and returns it, no funds will be received, and no subsidization payments will be made.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-31
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA MAKING SUPPLEMENTAL
APPROPRIATIONS FOR FISCAL YEAR 2021
(CARES Act Funding)

BE IT ENACTED by the Assembly of the City and Borough of Sitka, Alaska as follows:

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to be a part of the Sitka General Code of the City and Borough of Sitka, Alaska.

2. SEVERABILITY. If any provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and application thereof to any person and circumstances shall not be affected thereby.

3. PURPOSE. The purpose of this ordinance is to make a supplemental operating appropriations for FY2021.

4. ENACTMENT. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriation for the budget period beginning July 1, 2020 and ending June 30, 2021.

Table with 2 columns: FISCAL YEAR 2021 EXPENDITURE BUDGETS, SPECIAL REVENUE FUND, Fund 180 - CARES Act 2020 - Operations: Increase appropriations in the amount of \$4,500,000 to support COVID-19 economic relief payments to eligible utilities and moorage accounts.

EXPLANATION

The City and Borough of Sitka anticipates receiving a total of \$14,057,653.37 in three disbursements. This appropriation would come from the first round of funding, expected to be disbursed in the amount of \$6,819,089.87.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 9th Day of June, 2020.

ATTEST:

Gary L. Paxton, Mayor

Sara Peterson, MMC
Municipal Clerk

1st reading 5/26/2020
2nd and final reading 6/9/2020

Sponsor: Administrator



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 20-28    Version: 1    Name:  
Type: Ordinance    Status: AGENDA READY  
File created: 5/20/2020    In control: City and Borough Assembly  
On agenda: 5/26/2020    Final action:  
Title: Establishing the CARES Act Utilities Subsidization Program (1st reading)  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion Ord 2020-28](#)  
[Memo Ord 2020-28](#)  
[Ord 2020-28](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

Sponsors: Christianson/Mosher

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2020-28 on first reading establishing the CARES Act Utilities Subsidization Program.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Paxton and Assembly Members

**From:** John Leach, Municipal Administrator 

**Date:** May 21, 2020

**Subject:** Timing and of CARES Act funding and Associated Milestones

---

### **Issue:**

The City and Borough of Sitka is poised to receive in excess of \$14 million dollars in ACRES Act pass-thru grant from the State of Alaska. Accordingly, ordinances are being proposed to establish subsidization programs to be funded by CARES Act grant funds.

The purpose of this memo is to articulate the timeline and steps necessary for receiving CARES Act grant funds and for the disbursement of such funds if the accompanying subsidization program ordinances are approved. It is important to specifically point out that, even if subsidization programs are created through the passage of ordinances, that no actual subsidization payments will be made until grant funding is received and receipt of such funding can only occur after certain milestones are accomplished.

### **Analysis:**

#### **Timeline and Steps Required to Actually Receive CARES Act grant funding**

The State of Alaska has advised that two sequential steps must be completed for Sitka to receive CARES Act funding, once the State begins actual disbursement of CARES Act grant funds (which has not yet commenced). Those two sequential steps are:

- (1) A Municipality must pass a Resolution for acceptance of Coronavirus Relief Funds. A proposed Resolution accompanies this memorandum for Assembly consideration and action.
- (2) Once a Resolution has been passed, a Municipality will be required to enter into a formal grant agreement with the State of Alaska, Department of Commerce and Economic Development (DCCED). DCCED has forwarded a

draft agreement to Sitka, but it is unclear whether Sitka, upon passage of the required Resolution, can simply fill in the blanks in the draft agreement and submit it. It is highly likely that DCCED, upon receipt of a valid resolution, will subsequently prepare a formal grant agreement itself, with all required information, and send that to Sitka for execution. The reason this nuance is important is that no funds will be disbursed until a formal grant agreement is entered and the administrative steps DCCED must take may delay actual receipt of funds by several weeks.

### **Development of Disbursement Program Administrative Policies to Simultaneously Coincide**

Staff intends to rapidly commence immediately with the development of administrative policies and procedures for the proposed disbursement programs outlined in the accompanying ordinances.

It is possible that ordinances are passed, and administrative policies are fully developed and approved before the process of receiving and executing a grant agreement with DCCED is completed. This may especially be the case if the preparation of grant agreements by DCCED is delayed for some administrative or legal reason.

### **Recommendation**

Staff recommends that the Assembly approve the accompanying Resolution for Acceptance of Coronavirus Relief Fund and approve the ordinances establishing subsidization programs to be funded with grant funds. All parties must understand, however, that until the CBS actually receives a grant agreement from DCCED and signs and returns it, no funds will be received, and no subsidization payments will be made.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-28

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA ESTABLISHING THE CARES ACT UTILITIES COSTS SUBSIDIZATION PROGRAM

1. CLASSIFICATION. This ordinance is NOT of a permanent nature and is NOT intended to become a part of the Sitka General Code (“SGC”).

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. PURPOSE. The purpose of this ordinance is to establish a grant program which uses CARES Act funds received by the City and Borough of Sitka to subsidize utilities costs for residents and businesses experiencing economic hardship due to the COVID-19 health care emergency. The Assembly makes legislative findings as follows.

a. The Assembly recognizes that an emergency exists due to the COVID-19 pandemic that affects the life, health, welfare or property of the residents and businesses in the City and Borough of Sitka.

b. The Assembly further recognizes that the COVID-19 pandemic has caused great economic hardship to many of the residents and businesses in the City and Borough of Sitka.

c. On March 27,2020, the federal Coronavirus Aid, Relief, and Economic Security Act (HR 748) (“CARES Act”) was signed into law. The CARES Act contains numerous provisions aimed at providing relief from the COVID-19 pandemic, including the creation of funds to provide direct relief to states and municipalities to alleviate economic hardship.

d. The State of Alaska has received CARES Act funds, some of which it expects to disburse to municipalities, the amount of which is currently unknown but expected to be several million dollars.

e. If and upon receipt of the CARES Act funds, the Assembly desires to disburse all or a portion of those funds to residents and businesses who qualify, for the purpose of alleviating economic hardship caused by the COVID-19 pandemic.

f. To that end, in light of the economic hardship imposed on residents and businesses in the City and Borough of Sitka, by enactment of this ordinance the Assembly initiates the following temporary utilities subsidization program.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka (“CBS”) that there shall be a temporary utilities costs subsidization program as follows:

Section 1. Title. This program may be referred to as the “CARES Act Utilities Costs Subsidization Program.”

Section 2. Implementation. This program shall only be implemented if funds sufficient to fund the entire program are received by the CBS from the U.S. Treasury Department CARES Act and those funds are deemed to be eligible to be used in this program.

Section 3. Policy and procedure.

57 A. It shall be the policy of the CBS that applicants meeting certain criteria shall be eligible for  
58 subsidization of municipal utilities costs from CARES Act funds paid to the CBS due to the COVID-19  
59 public health emergency.

60  
61 B. Subsidization shall be in the form of general governmental subsidy payments to municipal utilities  
62 accounts for the benefit of eligible applicants. Under no circumstances may subsidization be in the  
63 form of reduced utility rates or the provision of free utilities services.

64  
65 C. A supplemental appropriation providing funding for the program shall be established by a special  
66 appropriation of the Assembly. All CARES Act funding shall reside in a special revenue fund and a  
67 separate account within that fund will be established and separately budgeted for the utilities costs  
68 subsidization.

69  
70 D. Applications for subsidization shall be submitted to the Finance Department on forms provided by  
71 the Finance Department. Only one application per household and/ or per business is allowed.  
72 Applications must be submitted by July 31, 2020. If the application is denied, the applicant may  
73 appeal to the Municipal Administrator. If an appeal to the Municipal Administrator is denied, the  
74 applicant may appeal to the Assembly. The Assembly's decision is the final action of the CBS.

75  
76 E. Any incomplete or duplicate application will be rejected. For those complete and eligible  
77 applications, upon acceptance the Finance Department will disburse the subsidy to the accounts of  
78 those applicants accepted. All subsidy payments will be applied to accounts by August 31, 2020.

79  
80 F. The utilities cost subsidy for each eligible residential applicant is a one-time credit on account in the  
81 amount of One Thousand Dollars (\$1,000).

82  
83 G. The utilities cost subsidy for each eligible business applicant is a one-time credit on account in the  
84 amount of Three Thousand Dollars (\$3,000).

85  
86 H. The Finance Director shall have the responsibility of developing administrative procedures, which  
87 shall be approved by the Municipal Administrator, necessary for implementation of this program.

88  
89 **Section 4. Eligibility and subsidization.**

90 A. An applicant must be a customer receiving and responsible for paying for utilities from the CBS for  
91 (1) a residential dwelling in which the applicant or a household member has resided in continuously  
92 since March 15, 2020, and currently still occupies; and/ or (2) a non-residential business location  
93 which the applicant has operated in since March 15, 2020, and currently still operates.

94  
95 B. An applicant shall be eligible for subsidization if the applicant certifies in his or her application as  
96 follows:

97  
98 (1) the applicant is and has been a utilities account holder since at least March 15, 2020;

99  
100 (2) a residential applicant, the applicant or a household member is currently a resident of Sitka  
101 and has been a resident of Sitka since at least March 15, 2020;

102  
103 (3) if a business applicant, the applicant has operated it's business continuously since March  
104 15, 2020, and currently still operates;

105  
106 (4) the applicant has incurred economic hardship due to the COVID-19 public health  
107 emergency;

108

109 (5) the subsidy payment would be to an account affected by the economic hardship caused by  
110 the COVID-19 public health emergency; and

111  
112 (6) at the time of the certification, the applicant continues to face economic hardship due to the  
113 COVID-19 public health emergency.

114  
115 C. An applicant is eligible for a subsidy even if the applicant has overdue charges owed to the CBS. A  
116 subsidy applied to an account with overdue charges will be first applied to those overdue charges.  
117 Any portion of a subsidy not applied to costs on account shall be returned to the CBS by debit to that  
118 account.

119  
120 **Section 5. Definitions.**

121 A. "Business" means those customers receiving electric services under SGC 15.01.020.C-D.

122  
123 B. "Economic hardship" means, as a result of the COVID-19 public health emergency, business or  
124 personal or household disposal income has decreased and/or normal business or personal or  
125 household expenses have increased, such that it has become impossible or difficult to make ends  
126 meet and/or any money reserves of the applicant have been and/or are being significantly depleted.

127  
128 C. A "household" consists of all the people who occupy a "housing unit" A house, an apartment or  
129 other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended  
130 for occupancy as separate living quarters; that is, when the occupants do not live with any other  
131 persons in the structure and there is direct access from the outside or through a common hall. A  
132 previously designated live aboard vessel in the city and borough harbor system is also regarded as a  
133 housing unit. A household includes the related family members and all unrelated people, if any, such  
134 as lodgers, foster children, wards, or employees who share the housing unit. A person living alone in  
135 a housing unit, or a group of unrelated people sharing a housing unit such as partners or roomers, is  
136 also counted as a household.

137  
138 D. "Subsidization" refers to "utilities costs subsidization."

139  
140 **5. EFFECTIVE DATE.** This ordinance shall become effective the day after the date of its  
141 passage and is temporary in nature to be implemented only if CARES Act funds in a sufficient amount  
142 are received by the City and Borough of Sitka.

143  
144 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,  
145 Alaska this 9<sup>th</sup> day of June, 2020.

146  
147  
148 \_\_\_\_\_  
Gary L. Paxton, Mayor

149 **ATTEST:**  
150  
151  
152 \_\_\_\_\_

153 Sara Peterson, MMC  
154 Municipal Clerk

155  
156 1<sup>st</sup> reading 5/26/2020  
157 2<sup>nd</sup> and final reading 6/9/2020

158  
159 Sponsors: Christianson and Mosher



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: ORD 20-29    Version: 1    Name:  
Type: Ordinance    Status: AGENDA READY  
File created: 5/20/2020    In control: City and Borough Assembly  
On agenda: 5/26/2020    Final action:  
Title: Establishing the CARES Act Moorage Costs Subsidization Program (1st reading)  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion Ord 2020-29](#)  
[Memo Ord 2020-29](#)  
[Ord 2020-29](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

Sponsors: Christianson/Mosher

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2020-29 on first reading establishing the CARES Act Moorage Costs Subsidization Program.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Paxton and Assembly Members

**From:** John Leach, Municipal Administrator 

**Date:** May 21, 2020

**Subject:** Timing and of CARES Act funding and Associated Milestones

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### **Issue:**

The City and Borough of Sitka is poised to receive in excess of \$14 million dollars in ACRES Act pass-thru grant from the State of Alaska. Accordingly, ordinances are being proposed to establish subsidization programs to be funded by CARES Act grant funds.

The purpose of this memo is to articulate the timeline and steps necessary for receiving CARES Act grant funds and for the disbursement of such funds if the accompanying subsidization program ordinances are approved. It is important to specifically point out that, even if subsidization programs are created through the passage of ordinances, that no actual subsidization payments will be made until grant funding is received and receipt of such funding can only occur after certain milestones are accomplished.

### **Analysis:**

#### **Timeline and Steps Required to Actually Receive CARES Act grant funding**

The State of Alaska has advised that two sequential steps must be completed for Sitka to receive CARES Act funding, once the State begins actual disbursement of CARES Act grant funds (which has not yet commenced). Those two sequential steps are:

- (1) A Municipality must pass a Resolution for acceptance of Coronavirus Relief Funds. A proposed Resolution accompanies this memorandum for Assembly consideration and action.
- (2) Once a Resolution has been passed, a Municipality will be required to enter into a formal grant agreement with the State of Alaska, Department of Commerce and Economic Development (DCCED). DCCED has forwarded a

draft agreement to Sitka, but it is unclear whether Sitka, upon passage of the required Resolution, can simply fill in the blanks in the draft agreement and submit it. It is highly likely that DCCED, upon receipt of a valid resolution, will subsequently prepare a formal grant agreement itself, with all required information, and send that to Sitka for execution. The reason this nuance is important is that no funds will be disbursed until a formal grant agreement is entered and the administrative steps DCCED must take may delay actual receipt of funds by several weeks.

### **Development of Disbursement Program Administrative Policies to Simultaneously Coincide**

Staff intends to rapidly commence immediately with the development of administrative policies and procedures for the proposed disbursement programs outlined in the accompanying ordinances.

It is possible that ordinances are passed, and administrative policies are fully developed and approved before the process of receiving and executing a grant agreement with DCCED is completed. This may especially be the case if the preparation of grant agreements by DCCED is delayed for some administrative or legal reason.

### **Recommendation**

Staff recommends that the Assembly approve the accompanying Resolution for Acceptance of Coronavirus Relief Fund and approve the ordinances establishing subsidization programs to be funded with grant funds. All parties must understand, however, that until the CBS actually receives a grant agreement from DCCED and signs and returns it, no funds will be received, and no subsidization payments will be made.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2020-29

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA ESTABLISHING THE CARES ACT MOORAGE COSTS SUBSIDIZATION PROGRAM

1. CLASSIFICATION. This ordinance is NOT of a permanent nature and is NOT intended to become a part of the Sitka General Code (“SGC”).

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. PURPOSE. The purpose of this ordinance is to establish a grant program which uses CARES Act funds received by the City and Borough of Sitka to subsidize moorage costs for vessel owners experiencing economic hardship due to the COVID-19 health care emergency. The Assembly makes legislative findings as follows.

a. The Assembly recognizes that an emergency exists due to the COVID-19 pandemic that affects the life, health, welfare or property of vessel owners in the City and Borough of Sitka.

b. The Assembly further recognizes that the COVID-19 pandemic has caused great economic hardship to many of the vessel owners in the City and Borough of Sitka.

c. On March 27,2020, the federal Coronavirus Aid, Relief, and Economic Security Act (HR 748) (“CARES Act”) was signed into law. The CARES Act contains numerous provisions aimed at providing relief from the COVID-19 pandemic, including the creation of funds to provide direct relief to states and municipalities to alleviate economic hardship.

d. The State of Alaska has received CARES Act funds, some of which it expects to disburse to municipalities, the amount of which is currently unknown but expected to be several million dollars.

e. If and upon receipt of the CARES Act funds, the Assembly desires to disburse all or a portion of those funds to vessel owners who qualify for the purpose of alleviating economic hardship caused by COVID-19 pandemic.

f. To that end, in light of the economic hardship imposed on vessel owners in the City and Borough of Sitka, by enactment of this ordinance the Assembly initiates the following temporary moorage costs subsidization program.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka (“CBS”) that there shall be a temporary moorage costs subsidization program as follows:

Section 1. Title. This program may be referred to as the “CARES Act Moorage Costs Subsidization Program.”

Section 2. Implementation. This program shall only be implemented if funds sufficient to fund the entire program are received by the CBS from the U.S. Treasury Department CARES Act and those funds are deemed to be eligible to be used in this program.

57 **Section 3. Policy and procedure.**

58 A. It shall be the policy of the CBS that applicants meeting certain criteria shall be eligible for  
59 subsidization of municipal moorage costs from CARES Act funds paid to the CBS due to the  
60 COVID-19 public health emergency.

61  
62 B. Subsidization shall be in the form of general governmental subsidy payments to municipal  
63 moorage accounts for the benefit of eligible applicants. Under no circumstances may  
64 subsidization be in the form of reduced moorage rates or the provision of free moorage  
65 services.

66  
67 C. A supplemental appropriation providing funding for the moorage costs subsidization fund  
68 program shall be established by a special appropriation of the Assembly. All CARES Act funding  
69 will reside in a special revenue fund and a separate account within that fund will be established  
70 and separately budgeted for the moorage subsidization.

71  
72 D. Applications for subsidization shall be submitted to the Finance Department on forms  
73 provided by the Finance Department. Only one applicant per moorage account is allowed.  
74 Applications must be submitted by July 31, 2020. If the application is denied, the applicant may  
75 appeal to the Municipal Administrator. If an appeal to the Municipal Administrator is denied, the  
76 applicant may appeal to the Assembly. The Municipal Assembly's decision is the final action of  
77 the CBS.

78  
79 E. Any incomplete or duplicate application will be rejected. For those complete and eligible  
80 applications, upon acceptance the Finance Department will disburse the subsidy to the  
81 accounts of those applicants accepted. All subsidy payments will be applied to accounts by  
82 August 31, 2020.

83  
84 F. The moorage subsidy for each eligible applicant is a one-time payment to the applicant's  
85 account. The subsidy for each eligible applicant shall be the maximum of moorage costs billed  
86 for one quarter of the calendar year.

87  
88 G. The Finance Director shall have the responsibility of developing administrative procedures,  
89 which shall be approved by the Municipal Administrator, necessary for implementation of this  
90 program.

91  
92 **Section 4. Eligibility and subsidization.**

93 A. An applicant must be a customer receiving and responsible for paying moorage costs from  
94 the CBS for a vessel moored in the CBS harbor system continuously since at least March 15,  
95 2020.

96  
97 B. An applicant shall be eligible for subsidization if the applicant certifies in his or her application  
98 as follows:

99  
100 (1) the applicant is and has moored a vessel in the CBS harbor system under an existing  
101 moorage agreement;

102  
103 (2) the applicant has a vessel moored in the CBS harbor system continuously since at  
104 least March 15, 2020;

105  
106 (3) the applicant has incurred economic hardship due to the COVID-19 public health  
107 emergency;

108

109 (4) the subsidy payment would be to an account affected by the economic hardship  
110 caused by the COVID-19 public health emergency; and

111  
112 (5) at the time of the certification, the applicant continues to face economic hardship due  
113 to the COVID-19 public health emergency.

114  
115 C. An applicant is eligible for a subsidy even if the applicant has overdue charges owed to the  
116 CBS. A subsidy applied to an account with overdue charges will be first applied to those  
117 overdue charges. Any portion of a subsidy not applied to costs on account shall be returned to  
118 the CBS by debit to that account.

119  
120 **Section 5. Definitions.**

121 A. "Economic hardship" means, as a result of the COVID-19 public health emergency, business  
122 or personal or household disposal income has decreased and/or normal business or personal or  
123 household expenses have increased, such that it has become impossible or difficult to make  
124 ends meet and/or any money reserves of the applicant have been and/or are being significantly  
125 depleted.

126  
127 B. "Subsidization" refers to "moorage costs subsidization."

128  
129 C. "Vessel" means any ship, boat, skiff, barge, dredge and craft of every kind or description,  
130 whether used for commercial or pleasure purposes, which is on the water and is capable of  
131 being used as a means of transportation on or through the water, excluding seaplanes.

132  
133 **5. EFFECTIVE DATE.** This ordinance shall become effective the day after the date  
134 of its passage and is temporary in nature to be implemented only if CARES Act funds in a sufficient  
135 amount are received by the City and Borough of Sitka.

136  
137 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of  
138 Sitka, Alaska this 9<sup>th</sup> day of June, 2020.

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Gary L. Paxton, Mayor

**ATTEST:**

\_\_\_\_\_  
Sara Peterson, MMC  
Municipal Clerk

1<sup>st</sup> reading 5/26/2020

2<sup>nd</sup> and final reading 6/9/2020

Sponsors: Christianson and Mosher