

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2010-28

A Resolution of the Assembly of the City and Borough of Sitka designating a recovery zone for purposes of Sections 1400u-1, 1400u-2, and 1400u-3 of the Internal Revenue Code of 1986, as amended, and the American Recovery and Reinvestment Act of 2009.

WHEREAS Section 1400u-1 of the Internal Revenue Code of 1986, as amended (the "Code"), authorizes the City and Borough of Sitka (the "City") to designate a "recovery zone" for the purpose of issuing recovery zone economic development bonds under Section 1400u-2 of the Code ("Recovery Zone Economic Development Bonds") and for the purpose of issuing recovery zone facility bonds under Section 1400u-3 of the Code ("Recovery Zone Facility Bonds"); and

WHEREAS pursuant to the American Recovery and Reinvestment Act of 2009 ("ARRA") and the Internal Revenue Service Notice No. 200950 ("Notice 2009-50"), the City received volume cap allocations of Recovery Zone Economic Development Bonds in the amount of \$2,709,000 and Recovery Zone facility bonds in the amount of \$4,064,000 and has requested additional allocation of Recovery Zone Economic Development bonds from the State of Alaska, which the Alaska Municipal Bond Bank Authority's Board of Directors at their October 19th meeting allocated additional Recovery Zone Economic Development Bonds in the amount of \$17,846,000; and

WHEREAS proceeds of Recovery Zone Economic Development Bonds must be used to finance capital expenditures paid or incurred with respect to property located in a recovery zone, expenditures for public infrastructure and construction of public facilities, and expenditures for job training and educational programs, all of which are designed to promote economic development or other economic activity in a recovery zone; and

WHEREAS, as provided in Section 1400u-1(b) of the Code, a recovery zone is (1) an area designated as having significant poverty, unemployment, rate of home foreclosures, or general distress, (2) an area designated as economically distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990, Or (3) an area for which a designation as an empowerment zone or a renewal community is in effect; and

WHEREAS as described herein, the City has experienced an increase in the rate of unemployment and general economic distress; and

WHEREAS as a result, the Assembly now desires to designate the City as a recovery zone under ARRA in order to issue Recovery Zone Economic Development Bonds to finance certain component of capital projects that qualify for financing under ARRA;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF SITKA, as follows:

Section 1. Findings. For purposes of ARRA, as shown in the following data, the City has experienced an increase in the rate of unemployment and general economic distress:

- A. The cruise ship visitor industry is one of the mainstays of the Sitka economy. However, a number of cruise lines have announced plans to cut back operations in Southeast Alaska, beginning in 2010. The Port Director for the City has reported that the projected lower berth passenger count for 2011 for ships visiting Sitka is approximately 123,010. That figure is 15,045 (11%) less than the figure for 2010 and 91,484 (43%) less than the figure for 2009.
- B. The rate of unemployment in the City increased by 22.9% from September 2008 to September 2009, from 4.8% in September 2008 to 5.9% in September 2009. Source: State of Alaska Department of Labor and Workforce Development.
- C. The gross sales for businesses reporting on their sales tax forms for the first half of calendar year 2008 was \$162.6 million compared to calendar year 2009 of \$152.3 million and \$150.2 million for calendar year 2010.



Section 2. Designation of Recovery Zone. For the foregoing reasons, the Assembly hereby designates the City as a "recovery zone" for purposes of issuing Recovery Zone Economic Development Bonds. Issuance of such bonds will be at the discretion of the Assembly based on project qualifications meeting the requirements of the Code and other requirements for the City to issue bonds under Alaska law.

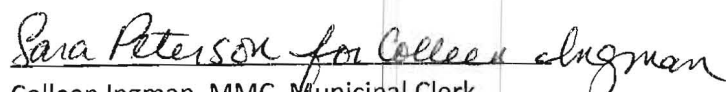
Section 3. Severability. If any provision of this resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this resolution and shall in no way affect the validity of the other provisions of this resolution.

Section 4. Effective Date. This resolution shall become effective the day after date of passage.

PASSED AND APPROVED by the Assembly of the City and Borough of Sitka, at a regular meeting thereof, held on October 26, 2010.

ATTEST:



Cheryl Westover, Mayor


Colleen Ingman, MMC, Municipal Clerk

CERTIFICATE

I, the undersigned, Municipal Clerk of the City and Borough of Sitka (the "City"), **DO HEREBY CERTIFY:**

1. That the attached Resolution No. 2010-28 (the "Resolution") is a true and correct copy of a resolution of the Assembly as adopted at a regular meeting of the Assembly held on October 26, 2010, 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 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 Resolution; that all other requirements and proceedings incident to the proper passage of the Resolution 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 26th day of October, 2010.


Jan Peterson for Colleen Ingman
Colleen Ingman, MMC
Municipal Clerk