



# CITY AND BOROUGH OF SITKA

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

## Meeting Agenda City and Borough Assembly

*Mayor Mim McConnell  
Deputy Mayor Matt Hunter  
Vice-Deputy Mayor Phyllis Hackett, Pete Esquiro, Mike Reif,  
Benjamin Miyasato and Aaron Swanson*

*Municipal Administrator: Mark Gorman  
Municipal Attorney: Robin L. Koutchak  
Municipal Clerk: Colleen Ingman, MMC*

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Tuesday, May 27, 2014

6:00 PM

Assembly Chambers

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**Worksession: 5:00PM to 5:50PM**

[14-119](#) Bus Tour of Edgecumbe Drive Reconstruction Project

**REGULAR MEETING**

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[14-128](#) Reminders and Correspondence

**Attachments:** [Reminders Calendars](#)  
[Linda Speerstra Service Award](#)  
[Alaska Clean Harbors Certification](#)  
[Port and Harbors Commission Letter](#)

V. CEREMONIAL MATTERS

*None anticipated.*

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

VII. PERSONS TO BE HEARD

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

## 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.*

- A**     [14-120](#)     Approve the minutes of the May 13, 2014 Assembly meeting  
  
**Attachments:**   [Motion Minutes](#)  
                          [Minutes](#)
- B**     [14-121](#)     Appoint Dan Littlefield to a three year term on the Building Department Appeals Board  
  
**Attachments:**   [Motion Board appointment](#)  
                          [Board appointment](#)
- C**     [RES 14-07](#)     Authorizing municipal matching grant applications to the Alaska Department of Environmental Conservation for Hollywood Way water and sewer/ New Archangel Street sewer improvements, Monastery Street and Baranof Street water and sewer improvements - Sawmill Creek Road to Degroff Street, and Jeff Davis Street water and sewer improvements  
  
**Attachments:**   [Motion Res 2014-07](#)  
                          [Memo Res 2014-07](#)  
                          [Res 2014-07](#)
- D**     [RES 14-09](#)     Setting the millage rates for the fiscal year July 1, 2014 through June 30, 2015  
  
**Attachments:**   [Motion Res 2014-09](#)  
                          [Res 2014-09](#)  
                          [Memo Cert of Assess Rolls](#)
- E**     [14-126](#)     Award a janitorial contract to Malo's Janitorial for a three year contract at Sitka Rocky Gutierrez Airport for \$70,872 per year  
  
**Attachments:**   [Motion Janitorial Contract](#)  
                          [Memo Janitorial Contract](#)
- F**     [14-122](#)     Authorize the Municipal Administrator to hire a Tax Accountant at Grade 29 Step L and approve a moving allowance of \$5,000  
  
**Attachments:**   [Motion Tax Accountant](#)  
                          [Memo Tax Accountant](#)

- G**      [14-125](#)      Approve the Health Needs and Human Services Commission proposed goals for 2014-2015

**Attachments:**    [Motion Health Needs Commission](#)  
[Memo Health Needs Commission](#)

- H**      [14-127](#)      Adopt the Finance Director's interpretation of SGC 4.09.270 eliminating the requirement for persons engaged in long-term residential rental business activity to file sales tax returns

**Attachments:**    [Motion Finance Director interpretation SGC 4.09.270](#)  
[Memo Finance Director interpretation SGC 4.09.270](#)

**X.      UNFINISHED BUSINESS:**

- I**      [ORD 14-13A](#)      Amending SGC Chapter 4.12 entitled "Property Tax" to add SGC 4.12.045 entitled "Exemptions - Disaster Damage" to Allow Reassessment of Property Damaged by Disaster

**Attachments:**    [Motion Ord 2014-13A](#)  
[Memo Ord 2014-13A](#)  
[Ord 2014-13A](#)

- J**      [ORD 14-14](#)      Adjusting the FY 2014 Budget for known changes

**Attachments:**    [Motion Ord 2014-14](#)  
[ORD 2014-14 Budget Adjust](#)

**XI.     NEW BUSINESS:**

**New Business First Reading**

- K**      [RES 14-08](#)      Renaming the Sawmill Cove Industrial Park to "Gary Paxton Industrial Park"

**Attachments:**    [Motion Res 2014-08](#)  
[Memo Res 2014-08](#)  
[Res 2014-08](#)

- L      [ORD 14-17](#)      Authorizing the transfer/sale of City and Borough of Sitka's pocket lot as depicted in the Turney Burkhart Planned Unit Development and located in the Turney Burkhart Subdivision to Sitka's Community Land Trust (CLT)

**Attachments:**    [Motion Ord 2014-17](#)  
[Memo Ord 2014-17](#)  
[Ord 2014-17](#)  
[Plat Turney Burkhart PUD](#)  
[Images PUD](#)  
[SCLT Prelim Bus Plan](#)  
[SCLT Operating Budget](#)  
[SCLT Grounds Lease](#)  
[SCLT Stewardship Policies and Procedures](#)  
[SCLT Home Repair and Replacement](#)  
[SCLT Home Buyer Selection Policies](#)  
[SCDC Business License](#)  
[Internal Revenue Service](#)  
[SCDC bylaws](#)  
[SCDC Articles of Amendment](#)

- M      [ORD 14-15](#)      Adopting budgets for the fiscal year July 1, 2014 through June 30, 2015

**Attachments:**    [Motion Ord 2014-15](#)  
[Ord 2014-15](#)

- N      [ORD 14-16](#)      Amending Chapter 15 of the Sitka General Code at Section 15.05.204A entitled "Service Connection Charge" and increase water rates at Sections 15.05.620 entitled "Rates and Fees" and 15.05.625A entitled "Water Service - Sawmill Cove Industrial Park"

**Attachments:**    [Motion Ord 2014-16](#)  
[Ord 2014-16](#)

#### **Additional New Business Items**

- O      [14-124](#)      Award a design-build contract for the Edgecumbe Drive Reconstruction Project to S&S General Contractors for \$4,636,500

**Attachments:**    [Motion Edgecumbe Drive](#)  
[Memo Edgecumbe Drive](#)  
[Handout Edgecumbe Drive](#)



P      [14-123](#)      Award a contract to Municipal Solutions, LLC to conduct and complete a comprehensive management plan for the City and Borough of Sitka

- Attachments:**    [Motion Municipal Solutions](#)  
                          [Memo Municipal Solutions](#)  
                          [Letter of Engagement & Scope of Work](#)  
                          [Contract to Provide Professional Services](#)

**XII.      PERSONS TO BE HEARD:**

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

**XIII.     EXECUTIVE SESSION**

**XIV.     ADJOURNMENT**

*Sara Peterson, CMC  
Acting Municipal Clerk  
Publish: May 23*



## Legislation Details

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**File #:** 14-119      **Version:** 1      **Name:**  
**Type:** Item      **Status:** AGENDA READY  
**File created:** 5/20/2014      **In control:** City and Borough Assembly  
**On agenda:** 5/27/2014      **Final action:**  
**Title:** Bus Tour of Edgecumbe Drive Reconstruction Project  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
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## Legislation Details

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File #: 14-128      Version: 1      Name:

Type: Correspondence      Status: AGENDA READY

File created: 5/22/2014      In control: City and Borough Assembly

On agenda: 5/27/2014      Final action:

Title: Reminders and Correspondence

Sponsors:

Indexes:

Code sections:

Attachments: [Reminders Calendars](#)  
[Linda Speerstra Service Award](#)  
[Alaska Clean Harbors Certification](#)  
[Port and Harbors Commission Letter](#)

Date	Ver.	Action By	Action	Result
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# REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, May 27	Worksession: Tour Edgecumbe Dr. Project	5:00 PM
Tuesday, May 27	Regular Meeting	6:00 PM
Thursday, May 29	Special Meeting: Fox Lawson Compensation Report and Approval	6:00 PM
Tuesday, June 10	Worksession: Sitka Community Food Assessment Indicators	5:30 PM
Tuesday, June 10	Regular Meeting	6:00 PM



## Assembly Calendar

2013    Jan    Feb    Mar    Apr    May    Jun    Jul    Aug    Sep    Oct    Nov    Dec    2015

**May 2014**

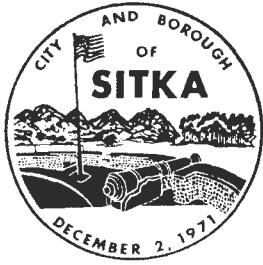
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27	28	29	30	1	2	3
Apr				May		
Esquiro McConnell	Esquiro McConnell	Esquiro McConnell 1:00pm SCVB Board	Esquiro McConnell	Esquiro McConnell 12:00pm Parks & Rec 12:00pm - 1:30pm SEDA Board Meeting 6:00pm 2nd Municipal Budget worksession	Esquiro	Esquiro
4	5	6	7	8	9	10
	6:00pm Board of Equalization Hearing	7:00pm Planning 7:00pm School	6:00pm Police and Fire 7:00pm Library	12:00pm LEPC 6:00pm 3rd Municipal Budget worksession		
11	12	13	14	15	16	17
Hunter	Hunter 6:00pm Govt to Govt Dinner Sheet'ka Kwaan Naa' Kahidi House	Hunter 6:00pm Reg Assembly Mtg	Hunter 6:00pm Historic Preservation 6:00pm Port & Harbors Commission	Hunter	Hunter	
18	19	20	21	22	23	24
		12:00pm Tree/Landscape 12:00pm Health Needs and Human Services Commission 7:00pm Planning 7:00pm School	6:30pm STA	6:30pm Hospital Board		
25	26	27	28	29	30	31
	Memorial Day	1:00pm SCVB Board 5:00pm Worksession: Edgecumbe Dr. 6:00pm Regular Assembly Mtg		6:00pm Special Meeting: Fox Lawson Compensation Report/Approval	Reif	Reif
						Jun

## Assembly Calendar

2013    Jan    Feb    Mar    Apr    May    Jun    Jul    Aug    Sep    Oct    Nov    Dec    2015

**June 2014**

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1 Jun	2	3	4	5	6	7
Reif	Reif	Reif 7:00pm Planning 7:00pm <u>School</u>	Reif 6:00pm Police and Fire 7:00pm <u>Library</u>	Reif 12:00pm <u>Parks &amp; Rec</u> 12:00pm - 1:30pm SEDA Board Meeting	Reif	Reif
8	9	10	11	12	13	14
Reif	Reif	Reif 5:00pm Worksession: Sitka Foods Assessment 6:00pm <u>Reg Assembly Mtg</u>	Reif 6:00pm Historic Preservation 6:00pm Port & Harbors Commission	Reif 12:00pm LEPC	Reif	Reif
15	16	17	18	19	20	21
Reif	Reif	Reif 12:00pm <u>Tree/Landscape</u> 7:00pm <u>Planning</u> 7:00pm <u>School</u>	6:30pm STA			
22	23	24	25	26	27	28
		12:00pm Health Needs and Human Services Commission 1:00pm SCVB Board 6:00pm <u>Regular Assembly Mtg</u>		6:30pm <u>Hospital Board</u>		
29	30	1 Jul	2	3	4	5
	McConnell	McConnell 7:00pm Planning 7:00pm <u>School</u>	McConnell 6:00pm Police and Fire 7:00pm <u>Library</u>	McConnell Reif 12:00pm <u>Parks &amp; Rec</u> 12:00pm - 1:30pm SEDA Board Meeting	McConnell Reif	McConnell Reif



# City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

*Coast Guard City, USA*

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May 15, 2014

Linda Speerstra  
210 Crabapple Drive  
Sitka, AK 99835

Dear Linda,

On behalf of the City and Borough of Sitka, I want to thank you for your contributions of time and service to our community.

The Sitka Convention and Visitors Bureau Board relies on the guidance and leadership of its board members; your time and energy were appreciated and we hope that you, too, benefited from the experience.

We wish you all the best, and hope that you may consider volunteering again in the future.

Warmest wishes,

Sara Peterson  
Deputy Clerk



# *Service Award*

The City and Borough of Sitka awards to

**Linda Speerstra**

this expression of grateful acknowledgment for your valued services  
rendered in the public interest while serving on the  
Sitka Convention and Visitors Bureau Board. Thank you!

Signed and Sealed by Order of the Administrator of the City and Borough of Sitka  
this 15<sup>th</sup> day of May, 2014.

Attest:



Colleen Ingman, MMC Municipal Clerk



Mark Gorman, Municipal Administrator





# MEMORANDUM

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To: Mayor Mim McConnell and Members of the Assembly

Through: Mark Gorman, City Administrator

From: Stan Eliason, Harbormaster

Date: May 21<sup>st</sup>, 2014

Subject: Alaska Clean Harbors Certification

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The Alaska Association of Harbormasters and Port Directors have adopted the Alaskan Clean Harbor certification program. We have been working towards this goal since 2012. We're hoping to be certified by the end of the summer.

## Overview:

Alaska Clean Harbors Certification is a voluntary process that encourages the use of best management practices at harbor facilities in order to reduce the production of nonpoint source pollutions.

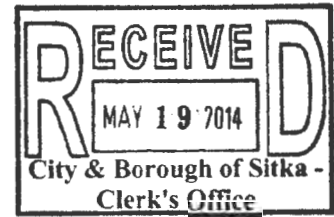
By joining the program with Homer and Haines, we will become the third city in the state to take a leadership and proactive stance when dealing with Solid Waste, Liquid chemical, hazardous wastes, petroleum products, boat cleaning, hull maintenance, sewage, gray water, vessel operations, storm water runoff, and harbor management.

Certification with ACHP, will show that the City of Sitka & Sitka Harbor Department, using BMP's is a proactive partner in the pollution prevention and protection of Alaska's marine environment.

By implementing this program we will reduce the amount of waste produced by our facility, thereby reduce costs. Through all of these actions, we will be able to obtain grants and make Sitka Harbors more attractive.

Stan Eliason, Harbormaster

Sitka Ports & Harbors Commission  
Sitka, AK 99835  
May 12, 2014



Sitka City & Borough Assembly  
Assembly Members  
Sitka, AK 99835

Dear Sitka City & Borough Assembly:

Currently there is a city property tax levied against all registered vessel owners within the city and borough of Sitka (CBS). It is our understanding that the CBS allocates ten dollars of the tax revenues generated by each vessel to the harbor fund with the rest of the tax revenue going to the general fund.

After much discussion it is our belief that the current allocations of vessel taxes should be revised to favor the harbor fund. The Sitka Ports & Harbors Commission respectfully requests that the harbor receive eighty percent of the tax revenues generated by the vessel tax with the general fund receiving twenty percent to cover administrative fees. The tax revenues generated will be dedicated to offset the rising costs within the harbor system.

The harbor users are responsible for all harbor infrastructure including electrical system repairs and replacement, water system repairs and replacement as well as harbor replacement. We haven't found any logical justification for the current vessel tax allocation but are open to discussion in case we are missing something. The fact that the harbor system is an enterprise fund and is expected to pay its own way seemingly justifies our position that the harbor fund should receive the bulk of the vessel tax receipts

Sincerely,

A handwritten signature in blue ink, appearing to read "David A. Yonke".

Sitka Ports & Harbors Commission

Two handwritten signatures in blue ink. The top signature is "David A. Yonke" and the bottom signature is "M. Peterson".



## Legislation Details

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File #: 14-120      Version: 1      Name:

Type: Minutes      Status: AGENDA READY

File created: 5/21/2014      In control: City and Borough Assembly

On agenda: 5/27/2014      Final action:

Title: Approve the minutes of the May 13, 2014 Assembly meeting

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Minutes](#)  
[Minutes](#)

Date	Ver.	Action By	Action	Result
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If this is pulled from the consent agenda the following motion would be in order:

## **POSSIBLE MOTION**

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**I MOVE TO** approve the minutes of the  
May 13 Assembly meeting.



# CITY AND BOROUGH OF SITKA

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

## Minutes - Draft City and Borough Assembly

*Mayor Mim McConnell  
Deputy Mayor Matt Hunter  
Vice-Deputy Mayor Phyllis Hackett, Pete Esquiro, Mike Reif,  
Benjamin Miyasato and Aaron Swanson*

*Municipal Administrator: Mark Gorman  
Municipal Attorney: Robin L. Koutchak  
Municipal Clerk: Colleen Ingman, MMC*

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Tuesday, May 13, 2014

6:00 PM

Assembly Chambers

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### REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

**Present:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato

**Absent:** 1 - Hunter

IV. CORRESPONDENCE/AGENDA CHANGES

AA 14-114 Reminders & Calendars

This item was PRESENTED.

BB 14-117 FLAP Grant Letter of Support

This item was PRESENTED.

CC 14-115 Public Works Report

This item was PRESENTED.

**DD 14-116** Electric Department Report

This item was **PRESENTED**.

**V. CEREMONIAL MATTERS**

**EE 14-105** Proclamations: 1) Arbor Day, and 2) Building Safety Month

Mayor McConnell presented an Arbor Day proclamation to Tree and Landscape Committee Chair, Joe D'Arienzo. A proclamation was also presented to Building Official, William Stortz, for Building Safety Month.

This item was **PRESENTED**.

**VI. SPECIAL REPORTS: Government to Government, Municipal Boards/Commissions/Committees, Municipal Departments, School District, Students and Guests (time limits apply)**

Tim Fulton, Sitka School Board Clerk, provided an update on School District events.

Detective Kyle Ferguson spoke to the Assembly regarding the illegal drug situation in Sitka. He noted the primary drugs of abuse were heroin and methamphetamine. Ferguson encouraged continued cooperation and participation from the community. He also expressed the need for increased staffing levels at the Police Department.

Chief Sheldon Schmitt stated the plan was to fill the vacant positions and also hire a Police Officer for the schools.

Phil Burdick, coordinator of the Sitkans Together Against Meth Project, addressed the need for education and treatment outreach.

**VII. PERSONS TO BE HEARD**

Don Jones, a member of the Police and Fire Commission, urged the Assembly to fill the vacant Police Department positions and those that had been previously frozen.

Alene Henning spoke to the negative impacts of the current RIDE location by Stereo North.

Trish White, Board member of the Sitka Sound Science Center (SSSC), provided a report on events and activities at SSSC.

**VIII. REPORTS**



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

Mayor McConnell: welcomed Finance Officers, attended the Rasmusson site visit at the Library, greeted first cruise ships of the season at O'Connell Bridge and Old Sitka Dock, helped welcome the Bond Bank Board of Directors, participated in 100 Volunteers Day at Sitka Fine Arts Camp, participated in SHS Awards Ceremony, attended Sitka Economic Summit and Govt to Govt Dinner meeting.

Administrator Gorman: recognized Gus Adams and Friends of the Library for their fundraising efforts with the Library expansion project, noted a group was looking at options for an alternative location for the RIDE, greeted first cruise ships of the season, attended Sitka Economic Summit and Govt to Govt Dinner meeting.

Attorney: noted she would be attending the International Municipal Lawyers Association Conference.

Liaisons: Reif attended the School Board meeting, Investment Committee meeting, and Blue Lake Tour.

Other: Reif asked for an update regarding the Sea Walk guardrail. Hackett encouraged members of the community to take the Blue Lake Tour.

**IX. CONSENT AGENDA**

- A 14-102** Approve the minutes of the April 22 & May 5 Assembly/Board of Equalization meetings

This item was **APPROVED** on the Consent Agenda.

- B 14-106** Appointments: 1) Patrick Williams - Health Needs and Human Services, and 2) Josh Arnold - Port and Harbors Commission

This item was **APPROVED** on the Consent Agenda.

- C 14-107** Acknowledge the earmarking of excess CPET funds for Kattleson Memorial Library Expansion Project

Esquiro felt the use of CPET funds was improper. Hackett disagreed, noting the Library was heavily used by tourists.

Administrator Gorman offered a large number of tourists used the Library and it was acceptable to use locally collected CPET funds as opposed to State CPET funds.

**A motion was made by Hackett that this Item be APPROVED. The motion PASSED by the following vote.**

**Yes:** 5 - McConnell, Hackett, Reif, Swanson, and Miyasato

**No:** 1 - Esquiro

**Absent:** 1 - Hunter

A recess was taken from 7:00-7:20pm.

- D 14-109** Approve a transfer of \$90,000 from Project 90652 - UV Disinfection Feasibility Study to Project 90673 - HPR Water Improvements
- Reif thanked staff for their work.
- Public Works Director, Michael Harmon, reviewed the budget for the UV Disinfection Feasibility Study and assured that the transfer of these funds would not negatively affect the funding for the Feasibility Study.
- A motion was made by Swanson to APPROVE this item. The motion PASSED by the following vote.**
- Yes:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato
- Absent:** 1 - Hunter
- E 14-108** Approve New Cingular Wireless PCS, LLC Amendment #1 - changing the lease to month-to-month
- This item was APPROVED on the Consent Agenda.**
- F ORD 14-14** Adjusting the FY 2014 Budget for known changes
- Jay Sweeney, Chief Finance and Administrative Officer, noted it was unlikely stumpage revenue would increase and also explained there was a possibility it could decrease. Sweeney summarized sales tax returns for 3rd quarter and indicated numbers were rising.
- A motion was made by Reif that this Ordinance be APPROVED on first reading. The motion PASSED by the following vote.**
- Yes:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato
- Absent:** 1 - Hunter
- G 14-104** Award a Bulk Fuel Oil Contract to Petro Marine Services not to exceed \$1,260,000 and execute agreement
- This item was APPROVED on the Consent Agenda.**
- X. UNFINISHED BUSINESS:**
- H ORD 14-11** Authorizing the sale of Lot 1 South Sitka Sound Seafoods Subdivision to North Pacific Seafoods
- A motion was made by Reif that this Ordinance be APPROVED on second reading. The motion PASSED by the following vote.**
- Yes:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato
- Absent:** 1 - Hunter
- XI. NEW BUSINESS:**



**New Business First Reading**

- I     ORD 14-12**     Amending SGC 4.09.010 entitled "Levy of Sales Tax" which removes the Requirement of Registration and Filing of Tax Returns for Tax Exempt Long Term Residential Rentals
- Hackett asked for a definition of "long term residential rentals in your personal home or a single duplex." After hearing from Chief Finance and Administrative Officer, Jay Sweeney, and Administrator Gorman, the Assembly decided the ordinance needed further clarification.
- A motion was made by Hackett to POSTPONE this item to the May 27th Assembly meeting. The motion PASSED by the following vote.**
- Yes:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato
- Absent:** 1 - Hunter
- J     ORD 14-13**     Amending SGC chapter 4.12 entitled "Property Tax" to add SGC 4.12.045 entitled "Exemptions - Disaster Damage" to Allow Reassessment of Property Damaged by Disaster
- Assessor, Randy Hughes, came forward to explain the ordinance and stated the intent was to give the property owner relief.
- Robin Koutchak, Municipal Attorney, advised the Assembly of their options regarding use of the terms "Assembly" and "Administrator" on lines 51 and 76 regarding a disaster.
- A motion was made by Reif to AMEND this item to change the terms on Lines 51 and 76 from "Assembly" to "Administrator". The amendment PASSED by the following vote.**
- Yes:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato
- Absent:** 1 - Hunter
- The main motion as amended PASSED by the following vote.**
- Yes:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato
- Absent:** 1 - Hunter

**Additional New Business Items**

- K     14-103**     Sitka School District Budget Funding for FY15
- Reif commended the School District for their budget building.
- A motion was made by Reif to ACCEPT the Sitka School District FY15 budget amount of \$5,717,521 plus 50% of any Federal Secure Rural Schools funding, plus an amount not to exceed \$150,000 for building repair and maintenance. The motion PASSED by the following vote.**

**Yes:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato

**Absent:** 1 - Hunter

**L 14-111** Consider waiving late filing applications for Senior Citizen Exemptions: 1) Jon Shennett and 2) Jeanette Williams

Jon Shennett asked for the late filing application fee to be waived. He stated he had been out of town and missed the filing day by two days.

**A motion was made by Hackett to APPROVE waiving Jon Shennett's late filing application for Senior Citizen Real Property Tax Exemption for "good cause" as further defined in the Sitka General Code 4.12.025(g). The motion PASSED by the following vote.**

**Yes:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato

**Absent:** 1 - Hunter

**A motion was made by Hackett to approve waiving Jeanette Williams' late filing application for Senior Citizen Real Property Tax Exemption for "good cause" as further defined in the Sitka General Code 4.12.025(g). The motion FAILED by the following vote.**

**No:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato

**Absent:** 1 - Hunter

**M 14-112** Approve a Purchase Agreement for Raw Water between the CBS and I Water, LLC

Dan Stockel spoke in support of the purchase agreement.

Sebastian Furlan, a representative from I Water, participated by phone and answered questions.

Garry White, Sawmill Cove Industrial Park Director, reviewed the purchase agreement for raw water.

**A motion was made by Swanson to APPROVE this item. The motion PASSED by the following vote.**

**Yes:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato

**Absent:** 1 - Hunter

**N 14-113** Approve two Lease Agreements between the CBS and I Water, LLC for Block 4, Lots 3, 6 & 7 Sawmill Cove Industrial Park

Reif noted this was a step in the right direction and wished I Water success. Hackett commended the work of Garry White, the SCIP Board of Directors, and Dan Stockel.

**A motion was made by Hackett to APPROVE this item. The motion PASSED by the following vote.**

**Yes:** 6 - McConnell, Hackett, Esquiro, Reif, Swanson, and Miyasato

**Absent:** 1 - Hunter

**XII. PERSONS TO BE HEARD:**

Garry White noted a SCIP strategic planning session would take place May 14 at 3pm in the SEDA board room.

**XIII. EXECUTIVE SESSION**

None.

**XIV. ADJOURNMENT**

A motion was made by Miyasato to ADJOURN. The motion PASSED by a unanimous voice vote. The meeting ADJOURNED at 8:50pm.

ATTEST:

\_\_\_\_\_  
Sara Peterson, CMC  
Acting Municipal Clerk



## Legislation Details

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File #: 14-121      Version: 1      Name:

Type: Appointment      Status: AGENDA READY

File created: 5/21/2014      In control: City and Borough Assembly

On agenda: 5/27/2014      Final action:

Title: Appoint Dan Littlefield to a three year term on the Building Department Appeals Board

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Board appointment](#)  
[Board appointment](#)

Date	Ver.	Action By	Action	Result
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If this item is pulled from the consent agenda the following motion would be in order:

POSSIBLE MOTION

**I MOVE TO** appoint Dan Littlefield to a three year term on the Building Department Appeals Board.



**Application for Appointment to Boards, Committees, and Commissions  
City and Borough of Sitka**

Board/Commission/Committee: BUILDING DEPT. APPEALS BOARD  
 Name: DAN LITTLEFIELD Daytime Phone: 907 752 0669  
 Address: 486 KATHAN ST. Evening Phone: \_\_\_\_\_  
 Email Address: DAN@EAGLEWOLF ELECTRICAL.COM Fax Number: N/A  
 Length of Residence in Sitka: 39 yrs Registered to vote in Sitka?  Yes  No  
 Employer: EAGLE WOLF ELECTRICAL, INC.  
 Organizations you belong to or participate in:

Explain your main reason for applying: ASKED BY CITY OFFICIAL

What background, experience or credentials will you bring to the board, commission, or committee membership? 15 YEARS IN ELECTRICAL FIELD, 6 AS AN ELECTRICAL ADMINISTRATOR/CONTRACTOR

Please attach a letter of interest, outline, or resume which includes your education, work, and volunteer experience that will enhance your membership.

→ (To be considered, your application must be complete AND be accompanied by one of the above supporting documents.)

Date: 5/8/14 Signature: [Signature]

Your complete application and resume should be returned to the Municipal Clerk's Office by noon on the Wednesday prior to an advertised Assembly meeting. Applications received after the deadline will be considered but will not be included in the Assembly packets for review prior to appointment.

Appointments are normally made during open session of an Assembly meeting, however, Assembly members may vote to discuss applicant(s) in closed executive session. In this case, do you wish to be present when your application is discussed?  Yes  No

Return to:  
 Sara Peterson, Deputy Clerk  
 100 Lincoln Street  
 Fax: 907-747-7403  
 Email: sara@cityofsitka.com



## BUILDING DEPARTMENT APPEALS BOARD

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
GARY SMITH 110 Jarvis St	747-3142 w 747-7647 h gary@schmolckmechanical.com	9/10/02 10/14/03 11/6/06 10/27/09 10/23/12	9/10/03 10/14/06 11/6/09 10/27/12 10/23/15	CHAIR
TOM MATTINGLY 3111 Halibut Point Road	747-3135 747-3916 h sefireprot@gmail.com	2/8/11	2/8/14	
RYAN WILSON PO Box 414	738-0550 747-4533 fax rwilson@acsalaska.net	9/23/08 10/11/11	9/23/11 10/11/14	
RICHARD DOLAND PO Box 1714	738-3567 w 747-7567 h 966-2957 fax dolandbuilt@yahoo.com	11/6/06 10/27/09 10/23/12	11/6/09 10/27/12 10/23/15	Alternate
STEVE CLAYTON 102 Sharon Dr.	747-8236 / 738-6236 w 747-5003 fax	9/10/02 9/13/05 9/23/08	9/10/05 9/13/08 9/23/11	Alternate
William Stortz 100 Lincoln St.	747-1832 william@cityofsitka.com			Building Official

- The building official is an ex-officio (non-voting) member of the board.

5 Seats (of which 2 are alternates)

Terms are as follows:

Overlapping three-year terms. Alternates serve 3-year terms.

Revised: October 26, 2012



## Legislation Details

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File #: RES 14-07    Version: 1    Name:

Type: Resolution    Status: AGENDA READY

File created: 5/21/2014    In control: City and Borough Assembly

On agenda: 5/27/2014    Final action:

Title: Authorizing municipal matching grant applications to the Alaska Department of Environmental Conservation for Hollywood Way water and sewer/ New Archangel Street sewer improvements, Monastery Street and Baranof Street water and sewer improvements - Sawmill Creek Road to Degroff Street, and Jeff Davis Street water and sewer improvements

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Res 2014-07](#)  
[Memo Res 2014-07](#)  
[Res 2014-07](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled from the Consent Agenda the following motion is suggested:

**POSSIBLE MOTION**

**I MOVE TO** approve Resolution 2014-07 on first and final reading.

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## MEMORANDUM

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**To:** Mayor McConnell and Members of the Assembly  
Mark Gorman, Municipal Administrator

**From:** Michael Harmon, P.E., Public Works Director *UH*  
Dan Tadic, P.E., Senior Engineer *DMT*

**Reviewed:** Jay Sweeney, Finance Director *MS*  
Mark Buggins, Environmental Superintendent *MB*  
Stephen Weatherman, P.E., Municipal Engineer *S*  
Tori Fleming, Contract Coordinator *TF*

**Date:** May 14, 2014

**Subject:** Alaska Department of Environmental Conservation  
FY15 Municipal Matching Grant Applications

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### Background

Each year, staff submits loan and grant questionnaires to the Alaska Department of Environmental Conservation (ADEC) Alaska Drinking Water Fund (ADWF) and Alaska Clean Water Fund (ACWF) for priority water and sewer infrastructure projects. Questionnaires are competitively scored and ranked against other applicants statewide. For FY15, several CBS projects scored well enough to be eligible for funding under the Municipal Matching Grant (MMG) Program. The following projects were included in Capital Bill SB119 which was passed by the legislature and is expected to be signed by the Governor soon.

Project	Grant Amount
Hollywood Way Water & Sewer/New Archangel Sewer	\$552,300
Jeff Davis Street Water & Sewer	\$644,000
Monastery & Baranof Water & Sewer – SMC to DeGross	\$763,000

The next necessary step is to complete MMG applications for each of these projects as indicated in the table below. The application deadline for the MMG program is May 30, 2014.

### Analysis

The current MMG program offers a 70% grant / 30% municipal match requirement for communities with a population fewer than 10,000. For each project identified below, ADWF and ACWF loan funds have also been committed by ADEC and will be used for the local match requirement to the extent possible. Most recently, the ADEC loans have had a term of 20 years at 1.5% interest rate.

Project	Est. Project Cost	Grant Eligible Amount	CBS Match Req'd	CBS Match Source
Hollywood Way Water & Sewer / New Archangel Sewer Improvements	\$789,000	\$552,300	\$236,700	ADWF Loan/ ACWF
Jeff Davis Water & Sewer Improvements	\$920,000	\$644,000	\$276,000	ADWF Loan/ ACWF Loan/ WW Fund

Project	Est. Project Cost	Grant Eligible Amount	CBS Match Req'd	CBS Match Source
Monastery & Baranof Street Water & Sewer Improvements – SMC to DeGroff	\$1,090,000	\$763,000	\$327,000	ADWF Loan/ ACWF Loan
<b>TOTALS</b>	\$2,799,000	\$1,959,300	\$839,700	Various

**Fiscal Note**

Each of these projects has been identified in Municipal Capital Improvement Master Plans as top priorities. Funding these projects with grant funds, where possible, is the most prudent fiscal course of action.

In addition, current borrowing rates are very low and uncertain economic times may cause borrowing rates to increase in the future. For this reason, it is also fiscally prudent to utilize fixed-rate, low interest loans for the matching portions of these grants whenever possible.

**Recommendation:**

**Approve Resolution 2014-07 authorizing the City and Borough to apply for and execute grants to the Alaska Department of Environmental Conservation Municipal Matching Grant Program as indicated in the above table.**

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2014-07

A RESOLUTION OF THE CITY AND BOROUGH OF SITKA, ALASKA AUTHORIZING MUNICIPAL MATCHING GRANT APPLICATIONS TO THE ALASKA DEPARTMENT OF ENVIRONMENTAL CONSERVATION FOR HOLLYWOOD WAY WATER & SEWER/ NEW ARCHANGEL STREET SEWER IMPROVEMENTS, MONASTERY STREET & BARANOF STREET WATER & SEWER IMPROVEMENTS – SMC TO DEGROFF, AND JEFF DAVIS STREET WATER & SEWER IMPROVEMENTS

Whereas, the City and Borough of Sitka (CBS) seeks to obtain the necessary financial assistance to construct priority water and wastewater improvements; and

Whereas, the State of Alaska Department of Environmental Conservation has a Municipal Matching Grant program which could fund the water and sewer improvements; and

Whereas, the Municipal Matching Grant program will provide 70% of the funding and CBS would provide 30% of the funding for each project selected; and

Now therefore be it resolved by the Assembly of the City and Borough of Sitka that the Administrator is authorized to apply to the Alaska Department of Environmental Conservation for Municipal Matching Grants for planning, design and construction of the above referenced water and sewer projects and to execute the grant agreements if the projects are selected.

Passed and approved by the Assembly of the City and Borough of Sitka, Alaska on this 27th day of May 2014.

Mim McConnell, Mayor

ATTEST:

Colleen Ingman, MMC Municipal Clerk



## Legislation Details

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File #: RES 14-09    Version: 1    Name:  
Type: Resolution    Status: AGENDA READY  
File created: 5/21/2014    In control: City and Borough Assembly  
On agenda: 5/27/2014    Final action:  
Title: Setting the millage rates for the fiscal year July 1, 2014 through June 30, 2015  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion Res 2014-09](#)  
[Res 2014-09](#)  
[Memo Cert of Assess Rolls](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled from the Consent Agenda the following motion is suggested:

**POSSIBLE MOTION**

**I MOVE TO** approve Resolution 2014-09 on first and final reading.

**CITY AND BOROUGH OF SITKA**

**RESOLUTION NO. 2014-09**

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA  
SETTING THE MILLAGE RATES FOR THE FISCAL YEAR JULY 1, 2014  
THROUGH JUNE 30, 2015**

**WHEREAS**, the Assessor has completed the final assessment records and the total assessed value of all real and personal property within the City and Borough of Sitka as of January 1, 2014, is **\$1,075,556,265**; and

**WHEREAS**, Sitka General Code 4.12.110 states that the Assembly shall fix the rate of tax levy and designate the number of mills upon each dollar of assessed taxable real and personal property.

**THEREFORE, BE IT RESOLVED** that the Assembly of the City and Borough of Sitka, Alaska by this resolution hereby adopts and levies the following millage rate upon each dollar of assessed taxable real and personal property for the fiscal year July 1, 2014 through June 30, 2015:

GENERAL PURPOSES.....	2.000 mills
SCHOOLS.....	4.000 mills
TOTAL.....	6.000 mills

**BE IT FURTHER RESOLVED**, all property taxes shall become due sixty days after the billing date and if not paid by the due date are delinquent.


**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska on the 27th day of May, 2014.

\_\_\_\_\_  
Mim McConnell, Mayor

ATTEST:  
  
\_\_\_\_\_  
Colleen Ingman, MMC  
Municipal Clerk

## Memorandum

TO: Mark Gorman, Municipal Administrator  
Colleen Ingman, Municipal Clerk  
Jay Sweeney, Finance Director  
Mayor Mim McConnell and Members of the Assembly

FROM: Randy Hughes, Assessing Director 

SUBJECT: Certification of Assessment Rolls, as of January 1, 2014

DATE: May 27, 2014

I have completed the 2014 certification of the assessment rolls for the City and Borough of Sitka. The real property roll includes taxable land and building improvements and the value of the Senior/Veteran exempted properties. The personal property roll includes equipment, supplies, float houses, business personal property and similar items. The total 2014 assessment of taxable property is declared as:

Real Property:	\$1,007,816,213
Personal Property:	<u>\$ 67,740,052</u>
<b>Total Assessed Value of Taxable Property:</b>	<b>\$1,075,556,265</b>

Boats, vessels, and motor vehicle taxes are not included in the above totals.

Boat taxes assessed on boat length will generate \$143,430 in tax revenue.



# 2014 ROLL CERTIFICATION

Prepared by Randy Hughes

<b>TAXABLE REAL PROPERTY VALUE</b>		<b>938,318,248</b>
SEN EXEMPT VALUE	53,198,200	
SNC EXEMPT VALUE	116,100	
SNV EXEMPT VALUE	14,130,265	
VET EXEMPT VALUE	<u>2,053,400</u>	
	69,497,965	
<b>TOTAL SEN/VET EXEMPTED VALUES</b>		<b><u>69,497,965</u></b>
<b>TOTAL ASSESSED REAL PROPERTY VALUE</b>		<b>1,007,816,213</b>
<b>TAXABLE PERSONAL PROPERTY VALUE</b>		<b>67,740,052</b>
<b>TOTAL ASSESSED RP/PP VALUES</b>		<b><u>1,075,556,265</u></b>
<b>TOTAL TAX AMOUNT @ 6 MIL</b>		<b>\$ 6,453,338</b>
(1,075,556,265 X .006 = 6,453,338)		
<b>FLAT TAX BOAT AMOUNT</b>		<b>\$ 143,430</b>
<b><u>SEN/VET EXEMPTED AMOUNTS:</u></b>		
REAL PROPERTY	\$ 416,988	
PERSONAL PROPERTY	<u>\$ 1,690</u>	
	\$ 418,678	
<b>LESS SENIOR CITIZEN/VET EXEMPTION</b>		<b>\$ (418,678)</b>
<b>ASSESSMENT PROJECTED REVENUES</b>		<b><u>\$ 6,178,090</u></b>



## Legislation Details

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File #: 14-126      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 5/21/2014      In control: City and Borough Assembly

On agenda: 5/27/2014      Final action:

Title: Award a janitorial contract to Malo's Janitorial for a three year contract at Sitka Rocky Gutierrez Airport for \$70,872 per year

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Janitorial Contract](#)  
[Memo Janitorial Contract](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled from the Consent Agenda the following motion is suggested:

**POSSIBLE MOTION**

I MOVE TO award a janitorial contract to Malo's Janitorial for a three year contract at Sitka Rocky Gutierrez Airport for \$70,872 per year.



# City and Borough of Sitka

PUBLIC WORKS

100 LINCOLN STREET • SITKA, ALASKA 99835

PHONE (907) 747-1804 • FAX (907) 747-3158

## MEMO

**To:** Mayor McConnell, Assembly members  
Mark Gorman, Administrator

**Through:** Jay Sweeney, Finance Director *[Signature]*

**From:** Michael Harmon, Public Works Director  
Gary Baugher, O&M Superintendant  
Chris Wilbur, Facilities Manager *CTW for GB*

**Date:** May 20, 2014

**Subject:** Airport Janitorial Contract

Per CBS Procurement Policy and Procedures, procurement of supplies and services, capital outlays, projects and fixed assets over \$50,000 must be approved by the Department Head, Administrator and Assembly.

### Background

The current Janitorial contract for the Airport Terminal Building expires on June 30, 2014. The new contract period is three (3) years. This contract was advertised and went out for bid according to City and Borough of Sitka (CBS) Procurement Policy and Procedures on April 16, 2014. It was advertised in the Sitka Sentinel three times. There was only one responsive bidder for the Airport. The bid price is less than we are currently paying for the service and less than the amount budgeted in the FY 15 budget.

CBS received one responsive bid for the **Airport**:

Malo's Janitorial	\$5,906/Mo	\$70,872/Yr
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### Financial Note

There is \$82,390 in the FY15 **Airport** budget for the janitorial contract.

### Recommendation

Award bid to Malo's Janitorial for a three year contract at the **Airport** for \$70,872 per year.  
Account number: 250-600-630-5212.000



## Legislation Details

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File #: 14-122      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 5/21/2014      In control: City and Borough Assembly

On agenda: 5/27/2014      Final action:

Title: Authorize the Municipal Administrator to hire a Tax Accountant at Grade 29 Step L and approve a moving allowance of \$5,000

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Tax Accountant](#)  
[Memo Tax Accountant](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled from the Consent Agenda the following motion is suggested:

**POSSIBLE MOTION**

I MOVE TO authorize the Municipal Administrator to hire a Tax Accountant at Grade 29 Step L (\$29.27/hour) and approve a moving allowance of \$5,000 with applicable receipts.



# City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

*Coast Guard City, USA*

## Memo

**To:** Mayor and Assembly Members  
**From:** Mike Middleton, Deputy Finance Director  
**Via:** Jay Sweeney, Mark Gorman  
**Date:** May 9, 2014  
**Re:** Tax Accountant Offer Letter

---

Management is requesting an approval from the Assembly to hire a Tax Accountant at Step L on Grade 29 (\$29.27/hour). This is necessary to fill the position with a qualified professional and will keep his wage comparative to the wage he is leaving in Delaware to come here.

The decision to offer a wage past Step C was not taken lightly, but it is a function of the available professionals interested in the position. We received a total of four (4) applications/resumes. Of the group, only one (1) had the required education and multiple years of relevant experience but this individual does not live in Alaska. Two (2) of the other applicants were pursuing a degree in an appropriate subject and were local. The last applicant was not qualified.

Of the two (2) local applicants that were partway through the education process, Management felt one had a fair grasp on the subject matter and was trainable. This individual was also employed in a profession providing reinforcement of the degree being pursued. However, this person requested to be removed from consideration for the position due to personal reasons.

This leaves Mr. Hardik J. Patel as the only qualified candidate. His work history shows rapid growth, the assumption of greater responsibilities and adapting to changing work environments. Additionally, he has years of experience with a small family business so he will be in a good position to understand the difficulties facing businesses collecting and remitting sales and bed taxes. He has the demonstrated skill set and ability to do well in this position.

As already stated, if this offer is approved, the wage he would receive would be comparable to what he is currently making in Delaware. The offer to Mr. Patel also includes a \$5,000 moving allowance.

We ask for the Assembly to approve the offer and moving allowance.



## Legislation Details

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File #: 14-125      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 5/21/2014      In control: City and Borough Assembly

On agenda: 5/27/2014      Final action:

Title: Approve the Health Needs and Human Services Commission proposed goals for 2014-2015

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Health Needs Commission](#)  
[Memo Health Needs Commission](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled from the Consent Agenda the following motion is suggested:

**POSSIBLE MOTION**

I MOVE TO accept the proposed 2014-2015 goals of the Health Needs and Human Services Commission as outlined in the memo provided by Willow Moore, the Commission Chair.

# Memo

**To:** Mayor and Assembly Members

**From:** Willow Moore, Health Needs and Human Services Commission Chair

**Date:** May 21, 2014

**Re:** Health Needs and Human Services Commission Goals 2014-2015

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Following are the 2014-2015 goals proposed by the Health Needs and Human Services (HNHS) Commission. On behalf of the HNHS Commission, I look forward to answering any questions you might have.

Health Needs and Human Services (HNHS) Commission Proposed Goals 2014-2015:

1. Compile baseline Community Services Assessment: Review of Available Community Services/Health and Human Service Organizations.

Objectives:

- Complete baseline community services assessment\* and review availability of services.

*\*Please note that we will start the assessment by contacting partners that currently keep lists (such as the Legislative Information Office's 'Sitka Community Resource Guide' and the list maintained by the Division of Public Assistance: 'Community Resources').*

2. Enlist partners to complete a thorough and professional community assessment (e.g. Community Indicators) to document community needs.

Objectives:

- Enlist outside partner(s) to fund a professional level community assessment to identify gaps in Sitka's service provision/health needs. If this goal is approved by the Assembly, partners (including United Way of Southeast Alaska) have agreed to sign on)
- Distribute/share information on documented community needs to relevant partner agencies to assist with grant application/funding.
- Research opportunities for interested organizations to develop new projects that meet documented community needs, and when

appropriate, provide advocacy at the assembly level for the ongoing efforts to meet those needs.

3. Reinstate coalition (using a model like Advancing Our Community.)

“Advancing our Community” will then organize Biannual or Quarterly Meetings with the purpose of bringing diverse organizations/populations together to increase communication, collaboration, efficiency among those businesses and organizations operating in the health and human service sector. The coalition will also serve to decrease duplication of services within the sector.

Objectives:

- Biannual or Quarterly meetings held at Centennial hall (initially coordinated/advertised by commission, then all coordination will be taken over by the coalition.) All health and human service agencies/businesses will be invited. Meetings will be open to the public



## Legislation Details

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File #: 14-127      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 5/22/2014      In control: City and Borough Assembly

On agenda: 5/27/2014      Final action:

Title: Adopt the Finance Director's interpretation of SGC 4.09.270 eliminating the requirement for persons engaged in long-term residential rental business activity to file sales tax returns

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Finance Director interpretation SGC 4.09.270](#)  
[Memo Finance Director interpretation SGC 4.09.270](#)

Date	Ver.	Action By	Action	Result
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Should this item be pulled from the Consent Agenda the following motion is suggested:

### **POSSIBLE MOTION**

I MOVE TO adopt the Finance Director's interpretation of SGC 4.09.270 eliminating the requirement for persons engaged in long-term residential rental business activity to file sales tax returns.

Note: This matter came before you at the May 13<sup>th</sup> Assembly meeting in the form of an ordinance and was postponed for further clarification. Since that time it has been determined by the Finance Director that the matter does not need to be an ordinance and can be handled in the format that is before you.



## Sales Tax Interpretation 14-03

### **Elimination of Requirement to File Sales Tax Returns For Individuals Engaged in Business Whose sole commercial activity is the long-term rental of a room, set of rooms, structure, or suite for residential purposes, and whose entire commercial activity is exempted from taxation by Section 4.09.100 A. Residential Rent, and who would otherwise file a sales tax return with no sales tax liability**

Sitka General Code section 4.09.270 A states that “*A person who has a tax liability under Section 4.09.010 shall file a return on a form or in a format prescribed by the City and Borough of Sitka and pay the tax due quarterly. Section 4.09.270 A further states “each person engaged in business in the City and Borough of Sitka subject to taxation under Section 4.09.010 shall fill a return in accordance with the following....”.*

Sitka General Code section 4.09.100 AA states that “*rent paid for residential housing for thirty or more consecutive days or an entire calendar month by a person or persons for a room, set of rooms, structure, or suite is exempt from sales taxes. This exemption does not apply to any transaction taxable under Chapter 4.24 regarding the hotel, motel, and bed and breakfast transient room tax”.*

### **Analysis and Discussion**

Sitka General Code Section 4.09.270 A appears to contradict itself, in that it both requires anyone engaged in business to file a sales tax return, and conversely, anyone with a sales tax liability to file a sales tax return. The historical reason, however, for requiring all persons engaged in business to file a return, even if the entire scope of their business is exempt from taxation, has been to gather data and information as to amount of non-taxable sales, by exemption category.

Persons whose sole commercial activity is the long-term rental of a room, set of rooms, structure, or suite for residential purposes have historically been required to file sales tax returns, even though their sales tax returns have shown no sales tax liability, due to the entire amount of the activity being exempt from taxation by Sitka General Code Section 4.09.100 AA. The purpose of this requirement has historically been to collect data as to the number of long-term rentals in Sitka. The Planning Department has been gathering data as to the total number of living units within existing structures in Sitka, so to a large degree, the original purpose of for requiring the filing of sales tax returns for long-term rentals is being duplicated.

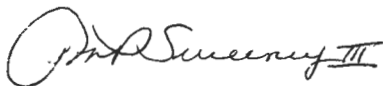
A secondary reason for requiring the filing of sales tax returns for long-term rentals has been to capture data as to the amount of economic activity exempted from taxation, in order to answer potential questions. This requirement remains valid; however, existing historical returns can serve as a baseline for making reasonable estimations of the amount of exempted economic activity, if requested in the future.

As the filing of sales tax returns for long-term rentals is a burden on the taxpayers, requires the expenditure of time by municipal staff to process such returns, and does not produce relevant data which could not otherwise be obtained, it is prudent to eliminate the requirement for such returns to be filed.

**Determination**

**It is, therefore, my determination as Finance Director, as authorized by Section 4.09.400 of the Sitka General Code, that the filing of sales tax returns by persons whose sole commercial activity is the long-term rental of a room, set of rooms, structure, or suite for residential purposes, and who would otherwise file a return showing no sales tax liability, and who do not have tax liability under the hotel, motel, and bed and breakfast transient room tax, is no longer required under the provisions of Sitka General Code section 4.09.270 A. This determination is also hereby made retroactive to January 1, 2014, in order to apply to persons who file annual returns. This determination is hereby promulgated and shall be submitted to the Assembly for adoption or rejection. Until such time as the Assembly takes action on this interpretation, this interpretation shall govern all applicable business transactions within the City and Borough of Sitka.**

May 22, 2014



John P. Sweeney III  
Finance Director



## Legislation Details

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File #: ORD 14-13A Version: 1 Name:

Type: Ordinance Status: FIRST READING

File created: 5/7/2014 In control: City and Borough Assembly

On agenda: 5/27/2014 Final action:

Title: Amending SGC Chapter 4.12 entitled "Property Tax" to add SGC 4.12.045 entitled "Exemptions - Disaster Damage" to Allow Reassessment of Property Damaged by Disaster

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2014-13A](#)  
[Memo Ord 2014-13A](#)  
[Ord 2014-13A](#)

Date	Ver.	Action By	Action	Result
5/13/2014	1	City and Borough Assembly		
5/13/2014	1	City and Borough Assembly		



## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2014-13A on first reading as amended.

## Memorandum

TO: Mark Gorman, Municipal Administrator  
Mayor Mim McConnell and Members of the Assembly

FROM: Randy Hughes, Assessing Director

SUBJECT: Amending the Property Tax Provisions at SGC Chapter 4.12 Entitled "Property Tax" to Add SGC 4.12.045 Entitled "Exemptions-Disaster Damage" to Allow Reassessment of Property Damaged by Disaster.

DATE: May 13<sup>th</sup> 2014

The proposed change to SGC 4.12 is intended to bring some property tax relief to those property owners who have sustained more than \$10,000 in damages as a result of a disaster.

Every year we have one or two properties that are significantly damaged by fire or mudslides. Property values are based on what was there as of January 1<sup>st</sup>, without exception. The adoption of this ordinance is allowed by Alaska Statute 29.45.230.

### ***AS 29.45.230. Tax Adjustments On Property Affected By a Disaster.***

**(a)** *The municipality may by ordinance provide for assessment or reassessment and reduction of taxes for property destroyed, damaged, or otherwise reduced in value as a result of a disaster.*

**(b)** *An assessment or reassessment under this section may be made by the assessor only upon the receipt of a sworn statement of the taxpayer that losses exceed \$1,000. A reduction of taxes may be made only on losses in excess of \$1,000 for the remainder of the year following the disaster. On reassessment, the municipality shall recompute this tax and refund taxes that have already been paid.*

**(c)** *The municipality shall give notice of assessment or reassessment under this section and shall hold an equalization hearing as provided in this chapter, except that a notice of appeal must be filed with the board of equalization within 10 days after notice of assessment or reassessment is given to the person appealing. Otherwise, the right of appeal ceases unless the board finds that the taxpayer is unable to comply.*

**(d)** *In an ordinance authorized by this section, the municipality shall establish criteria for the reduction of taxes on property damaged, destroyed, or otherwise reduced in value as a result of disaster, and may, consistent with this section, prescribe procedures, restrictions, and conditions for assessing or reassessing property and for remitting, refunding, or forgiving taxes.*

**TAXPAYER'S CLAIM FOR REDUCTION OF ASSESSMENTS AND THE ABATEMENT OF TAXES  
RESULTING FROM DAMAGED REAL OR PERSONAL PROPERTY RESULTING FROM A  
DISASTER AS DEFINED IN SGC 4.12.045**

Mail Completed Forms to: Assessor, 100 Lincoln Street, Sitka, AK 99835

"Disaster" means the occurrence or imminent threat of widespread or severe damage, injury, loss of property, or shortage of food, water, or fuel resulting from:

1. An incident such as storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, avalanche, snowstorm, prolonged extreme cold, drought, fire, flood, epidemic, or riot;
2. The release of oil or a hazardous substance if the release requires prompt action to avert environmental danger or mitigate environmental damage; or
3. Equipment failure if the failure is not a predictably frequent or recurring event or preventable by adequate equipment maintenance or operation.

**NOTICE TO TAXPAYER:** This claim for reduction of assessments and for the abatement of taxes must be filed with the Borough Assessor within sixty (60) days after the date of damage due to a disaster as defined in SGC 4.12.045. If you disagree with the Assessor's determination of value, you may appeal the value to the Board of Equalization within thirty (30) days of the date of notice by submitting a written appeal to the Borough Clerk.

**PART 1. TO BE COMPLETED BY TAXPAYER**

Pursuant to SGC 4.12.045, I hereby petition for adjustment to the assessed value of the property described below, and for the applicable abatement of taxes.

\_\_\_\_\_  
Taxpayer

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
Property Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
City, State, Zip Code

Borough Parcel ID No. \_\_\_\_\_

Legal Description \_\_\_\_\_

Check all that apply:

- Real Property     Personal Property     Land     Mobile Home     Commercial

Description of property damage: \_\_\_\_\_

Date damage occurred: \_\_\_/\_\_\_/\_\_\_ Describe disaster that caused damage: \_\_\_\_\_

Estimated value of property damage: \_\_\_\_\_

If property taxes were paid for the tax year of the disaster, state amount paid: \$ \_\_\_\_\_

I hereby declare under penalty of perjury that the above information is true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Date Signed

\_\_\_\_\_  
Taxpayer's Signature

**PART 2. ASSESSOR'S USE ONLY**

Claim:  Qualifies Date filed with Assessor \_\_\_/\_\_\_/\_\_\_  
 Does not qualify, because: \_\_\_\_\_

**PART 3. TO BE COMPLETED BY ASSESSOR IF PROPERTY QUALIFIES**

Date disaster damage occurred: \_\_\_/\_\_\_/\_\_\_

- 1. Assessed value of property prior to damage (\_\_\_\_\_ days) \$ \_\_\_\_\_
- 2. Full and true value of property after damage (\_\_\_\_\_ days) \$ \_\_\_\_\_
- 3. Taxable value of property prior to damage (less exemptions) \$ \_\_\_\_\_
- 4. Taxable value of property after damage (less exemptions) \$ \_\_\_\_\_

I hereby certify my determination of the assessed value after damage for the assessment year \_\_\_\_\_ is as shown on line two (2).

\_\_\_\_\_  
 Date Assessor Date sent to Taxpayer

**NOTICE TO TAXPAYER**

If you disagree with the Assessor's determination of value, you may appeal the value to the Board of Equalization within thirty (30) days of above Date Sent to Taxpayer by submitting a written appeal to the Borough Clerk in accordance with SGC 4.12.045

**PART 4. TO BE COMPLETED BY FINANCE DEPARTMENT.**  
 Calculation for amount of taxes in year of disaster

	Number of days	Mill Rate	Yearly Tax	Daily Tax	Adjusted Yearly Tax
Original Taxable Value					
_____ (line 3)	_____ (line 1)	_____	_____	_____	_____
Adjusted Taxable Value					
_____ (line 4)	_____ (line 2)	_____	_____	_____	_____

Yearly Tax Due \$ \_\_\_\_\_ Yearly Adjusted Taxable Value \$ \_\_\_\_\_

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-13A

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE CHAPTER 4.12 ENTITLED "PROPERTY TAX" TO ADD SITKA GENERAL CODE 4.12.045 ENTITLED "EXEMPTIONS – DISASTER DAMAGE" TO ALLOW REASSESSMENT OF PROPERTY DAMAGED BY DISASTER

1. CLASSIFICATION. This ordinance is of a permanent nature and is 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. Alaska Statute 29.45.230 entitled "Tax Adjustments on Property Affected by a Disaster" allows municipalities, by ordinance, to assess or reassess and reduce taxes for property destroyed, damaged or otherwise reduced in value as a result of a disaster. The City and Borough of Sitka has no such ordinance or provision in its general code. The purpose of this ordinance is to add SGC 4.12.045 entitled "Exemptions – Disaster damage" so that, upon application by the property owner, the assessor can assess or reassess and/or reduce the amount of tax owed on properties that have sustained more than \$10,000 in damages by storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, avalanche, snowstorm, prolonged extreme cold, drought, fire, flood, epidemic, explosion or riot.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that SGC 4.12.045 entitled "Exemptions – Disaster damage" is added as follows (new language underlined; deleted language stricken):

Chapter 4.12
PROPERTY TAX

Sections:

- 4.12.010 Definitions.
4.12.020 Property subject to tax.
4.12.025 Exemptions.
4.12.030 Assessor's duties.
4.12.040 Assessment of property at full and true value.
4.12.045 Exemptions – Disaster damage.

\*\*\*



47 **4.12.045 Exemptions—Disaster damage.**

48 **A. Reassessment of property damaged by disaster.** An owner of any taxable property  
49 within the borough, or any person liable for the taxes thereon, whose property was damaged  
50 by a disaster without his or her fault, may apply for reassessment of that property under this  
51 section. In addition, the assessor may initiate such reassessment where the administrator  
52 determines that within the current assessment year taxable property located in the borough  
53 was damaged by a disaster.

54  
55 **B. Definitions:**

56 Unless the context clearly requires a different meaning, the following words and phrases as  
57 used in this section are defined as shown below:

58  
59 "Damage" means harm resulting from physical injury to property, including partial or total  
60 destruction, and a diminution in the value of improvements or land resulting from restricted  
61 access to property caused by the disaster.

62  
63 "Disaster" means the occurrence or imminent threat of widespread or severe damage, injury,  
64 loss of life or property, or shortage of food, water, or fuel resulting from:

- 65  
66 1. An incident such as storm, high water, wind-driven water, tidal wave, tsunami,  
67 earthquake, volcanic eruption, landslide, mudslide, avalanche, snowstorm, prolonged  
68 extreme cold, drought, fire, flood, epidemic, explosion, or riot;  
69 2. The release of oil or a hazardous substance if the release requires prompt action to  
70 avert environmental danger or mitigate environmental damage; or  
71 3. Equipment failure if the failure is not a predictably frequent or recurring event or  
72 preventable by adequate equipment maintenance or operation.

73  
74 **C. Eligibility.** To be eligible for reassessment, the damage to the property shall have been  
75 caused by any of the following:

- 76 1. A disaster in an area or region declared by the administrator, the governor, or the  
77 president to be in a condition of disaster emergency;  
78 2. A disaster as that term is defined in this section; or  
79 3. A disaster that, with respect to a possessory interest in land owned by the state or  
80 federal government has caused the permit or other right to enter upon the land to be  
81 suspended or restricted.

82  
83 **D. Application for reassessment.**

- 84 1. The application for reassessment must be filed with the assessor within 60 days of the  
85 disaster by delivering to the assessor a written application, on a form provided by the  
86 assessor, requesting reassessment and describing the condition and value of the  
87 property immediately before and after the damage or destruction.  
88 2. If no application is made and the assessor determines that within the calendar year a  
89 property has suffered damage caused by disaster that may qualify the property owner  
90 for relief under an ordinance adopted under this section, the assessor may provide the  
91 last known owner of the property with an application for reassessment. The property



92 owner shall file the completed application within 30 days of the date of the mailing of  
93 notification by the assessor but in no case more than 60 days after the occurrence of  
94 said damage.

95 3. Upon receiving the proper application, the assessor or assessor's designee will inspect  
96 the property and verify the prior year's full and true value of land, improvements,  
97 personal property, or the proposed or certified current year's value immediately before  
98 and after the damage or destruction.

99 4. If an applicant has refused or failed to provide the assessor or the assessor's agent full  
100 access to property or records reasonably requested by the assessor, the applicant shall  
101 be precluded from any reduction or relief, and any valuation or valuation issue  
102 affected by the lack of access shall be decided in favor of the assessor.

103 5. If the sum of the full and true values of the land, improvements, and personal  
104 property before the damage exceeds the sum of the values after the damage by  
105 \$10,000.00 or more, the assessor shall also separately determine the percentage  
106 reduction in value of the land, improvements, or personal property due to the damage  
107 or destruction. The assessor shall reduce the values appearing on the assessment roll  
108 by the percentage of damage or destruction computed pursuant to this section, and the  
109 taxes due on the property shall be adjusted as provided this section. However, the  
110 amount of the reduction shall not exceed the actual loss.

111 6. Any damages to land, improvements, personal property, or additions that do not  
112 appear on the assessment roll are not eligible for consideration under this section.  
113

114 **E. Notice of reassessment.** The assessor shall notify the applicant in writing of the amount  
115 of the proposed reassessment. The notice shall state that the applicant may appeal the  
116 proposed reassessment to the board of equalization within 30 days of the date of mailing the  
117 notice.  
118

119 **F. Appeal.** Appeals of the reassessed value shall be heard in accordance with the valuation  
120 and flat tax appeal procedures provided in this chapter. A decision of the board of  
121 equalization regarding reassessment issued pursuant to this section shall create no  
122 presumption regarding the value of the affected property subsequent to the date of the  
123 damage.  
124

125 **G. Tax roll adjustment.** Any reassessed value resulting from one or more reductions in full  
126 and true value of amounts, as determined above, shall be forwarded to the finance director.  
127 The finance director shall calculate and enter the reassessed tax values on the finance roll as a  
128 tax adjustment request (TAR).  
129

130 **H. Tax adjustment.** The tax rate fixed for the property so reassessed shall be applied to the  
131 amount of the reassessment as determined in accordance with this section. The owner of  
132 record shall be liable for a prorated portion of the taxes that would have been due on the  
133 property for the current calendar year had the disaster not occurred. This proration is  
134 determined on the basis of the number of days remaining in the calendar year beginning with  
135 the date of the disaster. For purposes of applying the calculation in prorating taxes, the term  
136 "calendar year" means the portion of the current tax year used to determine the adjusted

137 amount of taxes based on a 365-day year. If the damage or destruction occurred after January  
138 1 and before the beginning of the next calendar year, the reassessment shall be utilized to  
139 determine the tax liability for the current year. Any tax paid in excess of the total tax due  
140 shall be refunded to the taxpayer as an erroneously collected tax within 60 days of the final  
141 determination of the adjusted tax liability.

142  
143 **I. Effect of revised assessment.** The assessed value of the property in its damaged  
144 condition, as determined pursuant to this section shall be the taxable value of the property  
145 until December 31 of the year in which the disaster occurred, unless the value is otherwise  
146 adjusted as allowed by law.

147  
148 5. **EFFECTIVE DATE.** This ordinance shall become effective January 1, 2015.

149  
150 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of  
151 Sitka, Alaska this 10<sup>th</sup> day of June, 2014.

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\_\_\_\_\_  
Mim McConnell, Mayor

**ATTEST:**

\_\_\_\_\_  
Colleen Ingman, MMC  
Municipal Clerk





## Legislation Details

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File #: ORD 14-14    Version: 1    Name:  
Type: Ordinance    Status: SECOND READING  
File created: 5/7/2014    In control: City and Borough Assembly  
On agenda: 5/27/2014    Final action:  
Title: Adjusting the FY 2014 Budget for known changes  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion Ord 2014-14](#)  
[ORD 2014-14 Budget Adjust](#)

Date	Ver.	Action By	Action	Result
5/13/2014	1	City and Borough Assembly		

## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2014-14 on  
second and final reading.

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

**POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2014-14 on first reading.

**CITY AND BOROUGH OF SITKA**

**ORDINANCE NO. 2014-14**

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA  
ADJUSTING THE FY 2014 BUDGET**

**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 adjust the FY 2014 budget for known changes.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY 2014 Budget for known changes. In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the budget for the fiscal period beginning July 1, 2013 and ending June 30, 2014 is hereby adjusted as follows:

<u>Account Number</u>	<u>Account</u>	<u>Increase</u>	<u>Decrease</u>
<b><u>FISCAL YEAR 2014 EXPENDITURE BUDGETS</u></b>			
<b>GENERAL FUND</b>			
<b>General Fund Revenue</b>			
100-300-315-3151.001	Stumpage	\$800,508	
100-550-660-952-5290.000	Other Expenses	\$400,254	
<b>To recognize the Secure Rural Schools Revenue and transfer 50% to the Sitka School District.</b>			
<b>General Fund Revenue</b>			
100-300-302-3021-003	3 <sup>rd</sup> Quarter CY 2013 Sales Tax	\$273,236	
100-300-302-3021.004	4 <sup>th</sup> Quarter CY 2013 Sales Tax	\$62,545	
<b>This is to recognize the additional revenue for sales tax from what was budgeted.</b>			

**EXPLANATION**

Necessary revisions in the FY 2014 budget were identified. These changes involve the increase of expenditure accounts of various funds in the General Fund. A short explanation of each budget revision is included.

**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 27th day of May, 2014.

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Mim McConnell, Mayor

**ATTEST:**

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Colleen Ingman, MMC  
Municipal Clerk



## Legislation Details

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File #: RES 14-08    Version: 1    Name:  
Type: Resolution    Status: AGENDA READY  
File created: 5/21/2014    In control: City and Borough Assembly  
On agenda: 5/27/2014    Final action:  
Title: Renaming the Sawmill Cove Industrial Park to "Gary Paxton Industrial Park"  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion Res 2014-08](#)  
[Memo Res 2014-08](#)  
[Res 2014-08](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** approve Resolution 2014-08 on  
first and final reading.

Monday, May 19, 2014

MEMORANDUM

To: Mark Gorman, CBS Administrator

From: Garry White, Director

Subject: Industrial Park Name Change

**Introduction**

The Sawmill Cove Industrial Park Board of Directors at their 05/14/2014 meeting recommended that the name of the industrial park be renamed to the Gary Paxton Industrial Park.

Assembly member Mike Rief had previously approached the industrial park Director to have the industrial park board discuss and recommend the name change.

**Background**

Gary Paxton was the CBS administrator between September 1992 and September 2001. Mr. Paxton was instrumental in the CBS acquiring the industrial site from the Alaska Pulp Corporation (APC) after APC closed its operations in 1993. In response to the closure of the Municipality's largest employer, Mr. Paxton coordinated implementation of a Community Response Task Force consisting of representatives from all sectors of the community. This task force met weekly to deal with the severe blow of the lost jobs and associated negative impacts. Mr. Paxton worked with Alaska's Federal Delegation to secure funding to redevelop the industrial site for job and business creation.

**Action**

- Assembly approval of board recommendation to rename the industrial park the Gary Paxton Industrial Park.



CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2014-08

A RESOLUTION OF THE CITY AND BOROUGH OF SITKA, ALASKA RENAMING THE SAWMILL COVE INDUSTRIAL PARK TO "GARY PAXTON INDUSTRIAL PARK"

WHEREAS, Gary Paxton worked diligently and tirelessly for the City and Borough of Sitka as its municipal administrator from August of 1992 to September 2001 and again in 2003; and

WHEREAS, he served during very turbulent times, where he took a financial structure that was in disarray and assembled a first-rate staff and made both highly accountable, going on to win state and national awards; and

WHEREAS, "Pax" as he is commonly called, demonstrated a natural leadership ability that projected self-confidence, authority and endless enthusiasm that provided stability during the economic crisis of the Alaska Lumber & Pulp Mill closure. For three decades the pulp mill provided employment for over 400 of Sitka's residents. These jobs accounted, directly and indirectly for 25% of Sitka's annual payroll; and

WHEREAS, he led the charge of directing the conversion of the pulp mill site into a catalyst for success known as Sawmill Cove Industrial Park and helped establish and served on Southeast Economic Development Association (SEDA) Board of Directors, which was formed in response to economic conditions in the years immediately after the closure of the pulp mill in 1993; and

WHEREAS, it is certain that without Paxton's vision, leadership, determination and the ability to succeed, Sitka would not have the successful and growing industrial park it enjoys today; for Paxton there was only one option and that was to prevail; and

WHEREAS, it is entirely fitting that the City and Borough of Sitka commemorate the name of a man who dedicated many years of service to his community and truly showed his love and passion for Sitka and its people and who excelled in defining problems and planning solutions.

THEREFORE, BE IT RESOLVED, that the Assembly of the City and Borough of Sitka, Alaska by this resolution renames Sawmill Cove Industrial Park to "Gary Paxton Industrial Park" in honor of his service to Sitka and that it hereafter be formally known only by that name or the shorter referenced version of "Paxton Industrial Park."

PASSED, APPROVED AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska on this 27th day of May 2014.

Mim McConnell, Mayor

ATTEST:

Colleen Ingman, MMC  
Municipal Clerk



## Legislation Details

File #: ORD 14-17    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 5/21/2014    In control: City and Borough Assembly

On agenda: 5/27/2014    Final action:

Title: Authorizing the transfer/sale of City and Borough of Sitka's pocket lot as depicted in the Turney Burkhart Planned Unit Development and located in the Turney Burkhart Subdivision to Sitka's Community Land Trust (CLT)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2014-17](#)  
[Memo Ord 2014-17](#)  
[Ord 2014-17](#)  
[Plat Turney Burkhart PUD](#)  
[Images PUD](#)  
[SCLT Prelim Bus Plan](#)  
[SCLT Operating Budget](#)  
[SCLT Grounds Lease](#)  
[SCLT Stewardship Policies and Procedures](#)  
[SCLT Home Repair and Replacement](#)  
[SCLT Home Buyer Selection Policies](#)  
[SCDC Business License](#)  
[Internal Revenue Service](#)  
[SCDC bylaws](#)  
[SCDC Articles of Amendment](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2014-17 on first reading.



# City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

*Coast Guard City, USA*

## MEMORANDUM

**To:** Mayor McConnell and Members of the Assembly

**From:** Mark Gorman, Municipal Administrator

**Subject:** Ordinance 2014-17 Sale of Pocket Park, Turney Burkhart PUD to Sitka Community Development Corporation Community Land Trust

**Date:** May 21, 2014

---

Sitka Community Development Corporation (SCDC) was started in 2006 by Sitkans responding to the lack of affordable housing in the community. SCDC's purpose is to "promote community development and affordable housing for individuals and families in the City and Borough of Sitka." SCDC received its 501(C)(3) status from the IRS in 2008. Incorporated in the State of Alaska, SCDC is also a Community Land Trust (CLT) working to provide Sitka with permanently affordable housing. In May of this year, the SCDC Board adopted the business plan, five year operating budget, ground lease, stewardship policies, repair and maintenance policy, and home buyer selection policies and procedures.

Ordinance 2014-17 conveys the small lot (3825 square feet), currently designated as a Pocket Park, in the Turney Burkhart Subdivision to the CLT. The pocket park was created at the time of the Planned Unit Development according to subdivision code regulations, however it has been unmaintained and unused. The lot is assessed at \$78,100.

The CLT will remain the land owner of the lot, only selling the future home to qualifying individuals with an annual income range below 120% of the area median income. Along with affordability controls for future sales of the home, this keeps home ownership at an attainable rate for working families in the Sitka area. With home owners paying a small monthly land lease fee to the CLT, the Trust will be able to develop other properties making more affordable homes available.

Working with the Cold Climate Housing Research Center, the CLT will develop a modest, code conforming house plan that will be aesthetically pleasing to the neighborhood.

**RECOMMENDED ACTION:** Approve the ordinance.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-17

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA (CBS) AUTHORIZING THE TRANSFER/SALE OF CITY AND BOROUGH OF SITKA’S POCKET LOT AS DEPICTED IN THE TURNEY BURKHART PLANNED UNIT DEVELOPMENT AND LOCATED IN THE TURNEY BURKHART SUBDIVISION TO SITKA’S COMMUNITY LAND TRUST (CLT)

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not 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 circumstances shall not be affected.

3. PURPOSE. The purpose of this ordinance is to facilitate the construction of an affordable home as proposed by CLT. CLT will gain ownership of the land, along with durable affordability controls over the resale of any home built on that land, ensuring that the municipal subsidized home remains available for lower-income homebuyers for generations to come. Sitka has both made a social priority on promoting homeownership for lower-income families and a fiscal priority on protecting the public’s investment in affordable housing. This proposed pilot project accomplishes both.

This ordinance authorizes the land transfer/sale; and 1) makes this parcel of CBS land available for an affordable home project; and, 2) ensures this parcel remains available for lower income buyers in the future. The Municipality and the Community Land Trust are cooperating in this pilot project.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that:

- A. The transfer/sale of a Pocket Park of the Turney Burkhart Planned Unit Development - Turney Burkhart Subdivision to Community Land Trust is hereby authorized.
B. The Assembly finds that due to the size and original intent of the lot not being fully utilized and the ability for the CBS to maintain it that the parcel can be put to greater use than that of a pocket park. This transfer/sale will allow for a cooperative project that results in promoting homeownership for a lower-income family by placing an affordable home on the market as proposed by the grantee CLT. Therefore sale by competitive bid is found to be inappropriate.
C. The sale price is \$1.00. This price is due to the fact that the Municipality significantly benefits through other means in this transaction.
D. Upon payment of the purchase price the Administrator is authorized to execute the documents necessary to convey the property.

51 E. The Buyer is responsible for all recording fees and associated costs.

52

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

55

56 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of  
57 Sitka, Alaska this 10<sup>th</sup> day of June, 2014.

58

59

60

\_\_\_\_\_  
Matthew Hunter, Deputy Mayor

61 **ATTEST:**

62

63 \_\_\_\_\_  
Colleen Ingman, MMC

64 Municipal Clerk



**CERTIFICATE OF OWNERSHIP AND VENDOR**

WE HEREBY CERTIFY THAT WE ARE THE OWNERS OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT WE HEREBY ADMIT THIS PLAN OF SUBDIVISION WITH OUR FREE CONSENT AND RESOLVE ALL INTERESTS, CLAIMS, RIGHTS AND OTHER INTERESTS TO PUBLIC OR PRIVATE USE AS NOTED.

Signature: William Burkhart, Inc.  
 Title: Owner  
 Signature: Don Williams  
 Title: Owner

**MILITARY ACKNOWLEDGMENT**

THIS IS TO CERTIFY THAT ON THIS 18th day of September, 1961, before me, the undersigned a Notary Public in and for the State of Alaska, duly commissioned and sworn, appeared William Burkhart, Inc. and Don Williams, both of whom are known to me to be the persons whose names and addresses are set forth in the foregoing certificate, and who declared the contents of said certificate to be true and correct. I caused the same to be read to them and they acknowledged the same to be true and correct. I caused the same to be recorded in the office of the District Registrar, District of Alaska, at Anchorage, Alaska, on this 18th day of September, 1961.

Witness my hand and Notary Seal this 18th day of September, 1961.

Notary Public in and for the State of Alaska  
 My Commission Expires 12-18-1962

**CERTIFICATE OF APPROVAL BY THE BOARD**

I HEREBY CERTIFY THAT THE SUBDIVISION PLAN SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS OF THE CITY & BOROUGH OF SITKA PLATING BEING AND THAT SAID PLAN HAS BEEN APPROVED BY THE BOARD OF PLANNING AND RECORDS ON THIS 18th day of September, 1961. IN WITNESS WHEREOF, I HAVE HEREON SET MY HAND AND SEAL OF OFFICE OF THE DISTRICT REGISTRAR, DISTRICT OF ALASKA, AT ANCHORAGE, ALASKA, ON THIS 18th day of September, 1961.

Notary Public in and for the State of Alaska  
 My Commission Expires 12-18-1962

**CERTIFICATE OF APPROVAL BY THE ASSEMBLY**

I HEREBY CERTIFY THAT THE SUBDIVISION PLAN SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS OF THE CITY & BOROUGH OF SITKA PLATING BEING AND THAT SAID PLAN HAS BEEN APPROVED BY THE ASSEMBLY OF THE CITY & BOROUGH OF SITKA, ALASKA, ON THIS 18th day of September, 1961. IN WITNESS WHEREOF, I HAVE HEREON SET MY HAND AND SEAL OF OFFICE OF THE DISTRICT REGISTRAR, DISTRICT OF ALASKA, AT ANCHORAGE, ALASKA, ON THIS 18th day of September, 1961.

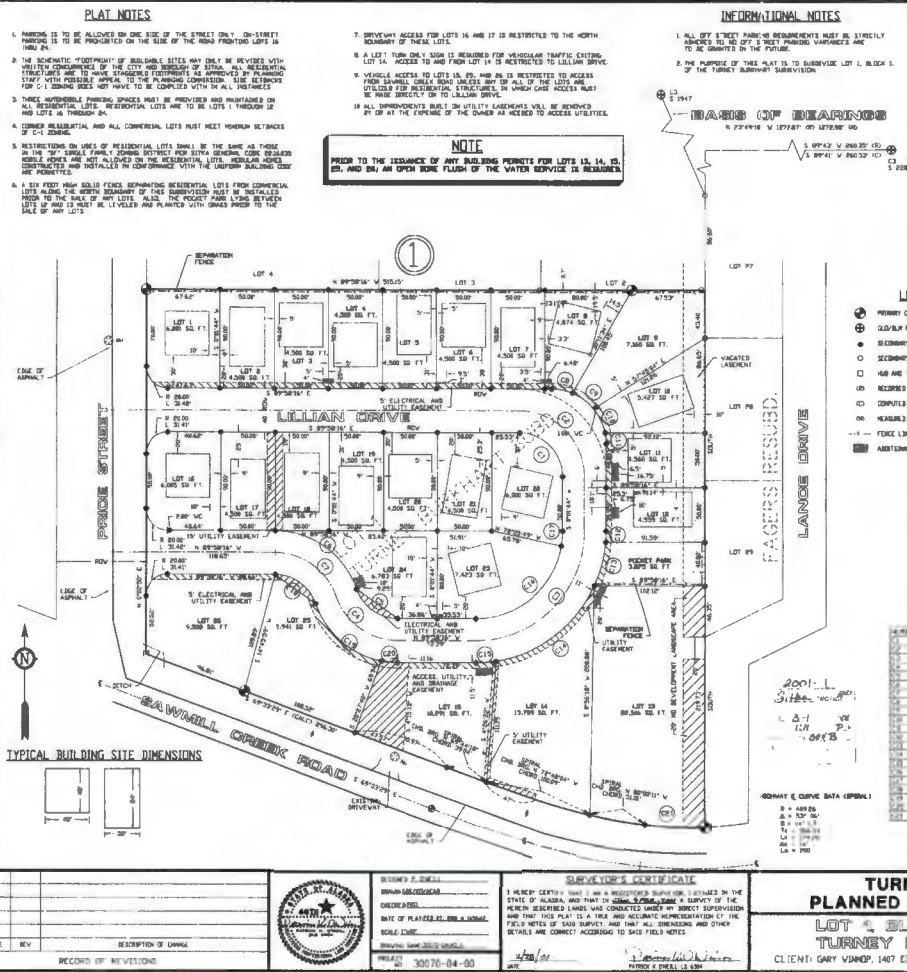
Notary Public in and for the State of Alaska  
 My Commission Expires 12-18-1962

**CERTIFICATE OF PAYMENT OF LOCAL IMPROVEMENT DISTRICT**

I, THE UNDERSIGNED, BEING DULY APPOINTED AND QUALIFIED AS FINANCE DIRECTOR OF THE CITY & BOROUGH OF SITKA, ALASKA, DO HEREBY CERTIFY THAT ACCORDING TO THE RECORDS OF THE CITY & BOROUGH OF SITKA, ALASKA, THE FOLLOWING RECEIPTS HAVE BEEN RECEIVED BY THE CITY & BOROUGH OF SITKA, ALASKA, IN FULL PAYMENT OF THE LOCAL IMPROVEMENT DISTRICT CHARGES AGAINST SAID LANDS AND IN FAVOR OF THE CITY & BOROUGH OF SITKA, ALASKA.

DATED THIS 18th day of September, 1961.

Notary Public in and for the State of Alaska  
 My Commission Expires 12-18-1962



**BASE OF BEARINGS**

N 27°49'18" W 127°27' 00" 127°26' 00"

S 89°42' V 200'33' (3)

V 89°41' V 200'33' (3)

S 72°09'

**VICINITY MAP**

SCALE 1"=1,000'

**LEGEND**

- PRIMARY CONTROL (REMARKY C&G)
- SECONDARY CONTROL (REMARKY C&G)
- REMARKY CONTROL (REMARKY C&G)
- 45° AND FACE (C&G)
- REMARKY DATA
- COMPUTED DATA
- MEASURED DATA
- FENCE LINE
- ADDITIONAL AREA OF UTILITY EASEMENT

**TABLE OF ACCESSORIES SET THIS SURVEY**

OWNER	DESCRIPTION	BEARING	DISTANCE
MA CORNER LOT 1	CUTTER-FORM FENCE	N 89°29' E	4.58'
	POWER POLE	N 82°06' E	5.70'
	P BICKMAN BLDG COR	N 20°45' E	30.80'
RE CORNER LOT 8	36" x SPRUCE	N 82°06' E	26.66'
	36" x HEMLOCK	N 82°06' E	41.88'
	36" x FENCE POST	N 80°39' W	84.32'
RE CORNER LOT 13	54" x ALDER	E 79°11' W	18.99'
	54" x HEMLOCK	N 79°11' W	38.84'
	POWER POLE	N 82°06' E	2.89'
RE CORNER LOT 25	24" x SPRUCE	N 89°29' E	26.50'
	36" x SPRUCE	N 82°06' E	61.80'
	POWER POLE #299	E 79°11' W	74.53'

NOTES: ALL BEARING TREES HAVE A BEARING TREE TAG ATTACHED.

2001 L  
 Sitka, Alaska  
 1/18/61  
 1/18/61

ADDITIONAL CURVE DATA (OPTIONAL):  
 R = 489.26  
 Δ = 53° 50'  
 L = 144.11'  
 Δ = 117° 11'  
 L = 210.00'

SCALE IN FEET

**TURNERY BURKHART PLANNED UNIT DEVELOPMENT LOT 1, BLOCK 1 TURNERY BURKHART SUBDIVISION**

CLIENT: GARY VANCE, 1407 EXETER DRIVE, SITKA, AK 99825

**O'NEILL SURVEYING AND ENGINEERING**

BOX 1849 SITKA, ALASKA 99825  
 PHONE (907) 744-7990  
 FAX (907) 743-9393  
 EMAIL: oesurvey@turneryburkhart.com

**RECORD OF INVESTIGATION**

DATE	DESCRIPTION OF CHANGE

**OWNER'S CERTIFICATE**

I HEREBY CERTIFY THAT I AM A RESIDENT OF THE STATE OF ALASKA AND THAT I HAVE BEEN DULY APPOINTED AND QUALIFIED AS FINANCE DIRECTOR OF THE CITY & BOROUGH OF SITKA, ALASKA, AND THAT THIS PLAN IS A TRUE AND ACCURATE REPRESENTATION OF THE FIELD NOTES OF SAID SURVEY AND THAT ALL DIMENSIONS AND OTHER DETAILS ARE CORRECT ACCORDING TO SAID FIELD NOTES.

Signature: Don Williams  
 Title: Finance Director  
 My Commission Expires 12-18-1962

30070-04-00



















**Preliminary Business Plan  
Initial Framework  
Sitka Community Land Trust**

*February 2014*

**Prepared by**  
Michael Brown  
Burlington Associates in Community Development, LLC

## Origins of the Sitka Community Land Trust

The Sitka County Community Land Trust is a community land trust (CLT) program to be established in 2014, at the initiation of the Sitka Community Development Corporation (SCDC), to create and preserve a permanent supply of affordably priced housing for working families in the City and Borough of Sitka Alaska.

As is the case in many communities across the country, high land values and housing costs make the cost of homeownership very high in Sitka. The average list price for a single-family home in Sitka for the month of September 2013, according to Sitka MLS data, was \$445,442 with the median list price of \$380,500. Some of the inflation in housing costs in Sitka is due to limited availability of developable land, given its location as a coastal community wedged between the ocean and majestic, steep mountains and the fact that the Tongass National Forest surrounds Sitka. Additionally, given its remarkable natural beauty, Sitka's housing market is impacted significantly by second-home owners.

At the same time, median household income in Sitka is \$75,300<sup>1</sup>. Very high housing costs, combined with other high living costs (including food, healthcare, and other living costs) and the recent tightening of the mortgage credit market, have pushed homeownership beyond the reach of many households who wish to live and work and raise their families in Sitka. Many of these households could significantly benefit from opportunities provided through a community land trust strategy in Sitka.

Data from the U.S. Census Bureau: 2007-2011 describes the nature and scope of Sitka's affordable housing needs and points to the need for a long-term solution include:

- 42% of Sitka households rented their housing compared to the state of Alaska at 37% and the U.S. at 35%.
- Sitka had a higher rate of housing units that are paid off (owner without a mortgage) at 22% compared to 20% for both the state of Alaska and U.S.
- Sitka had a lower rate of 36% for housing units that have mortgages not yet paid off (owner with a mortgage) compared to 43% for the state of Alaska and 45% for the U.S.
- 25.8% of homeowners with a mortgage are cost burdened, paying over 30% of their household income for housing costs<sup>2</sup>.

Additionally, Sitka has lost a number of employers that provided year-round high paying jobs, including the pulp mill, Sheldon Jackson College, the Forest Service. This, combined with the drastic rise in home prices and other costs of living, forces more working residents of Sitka to rent as they cannot afford to buy a home.

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<sup>1</sup> Area median income, based on a family size of four, for Sitka Alaska, as published by the U.S. Department of Housing and Urban Development.

<sup>2</sup> Households paying more than 30% of their income for housing costs are considered to be cost burdened by HUD standards.

Mayor Mim McConnell was a member of the Sitka Long Range Planning and Economic Development Commission in 2008 and its Affordable Housing Committee, which included several SCDC board members. This committee decided that the Community Land Trust model made the most sense for Sitka. The committee and city officials learned more about this model through a teleconference held with the Northwest CLT Coalition. McConnell was hired by SCDC in 2010, attended national community land trust conferences in 2011 and 2012, became even more convinced that a community land trust could be an excellent long-term solution for Sitka and its affordable housing challenges and began to coalesce local support within SCDC and within the Sitka community for a local CLT. Mayor McConnell contacted Burlington Associates in Community Development, the premier provider of technical assistance to community land trusts and their public and private partners in the U.S., seeking advice and assistance when she realized how much there was to learn about CLTs and their operation. In December 2012, Michael Brown, Partner in Burlington Associates, visited Sitka while on a family visit to Juneau. During his visit, Mr. Brown provided basic information about community land trusts in various public forums and worked with representatives of SCDC to assess the potential feasibility of a Sitka community land trust.

Concerned by the long-term human, civic and economic consequences of this growing shortage of affordably priced housing for local working families, SCDC subsequently determined not only that there is a need for a local community land trust but that there may well be the financial and political support for creating and sustaining the ongoing operation of a CLT in Sitka. A proposal for services was solicited from Burlington Associates in the spring of 2013 and SCDC began to seek the funding needed to access technical assistance to design and implement a community land trust in Sitka. A grant from the Rasmuson Foundation for this work was approved in July and a contract for services between Burlington Associates and SCDC was negotiated and executed shortly thereafter.

### **Community Land Trusts**

A community land trust (CLT) is an organization that exists to serve as the long-term steward of land and to protect the long-term affordability and quality of housing that is produced with scarce subsidy resources. There are nearly 300 community land trusts in operation in the United States, including the Juneau Housing Trust in Juneau Alaska.

CLTs sell homes to eligible, qualified lower-income buyers at affordable prices while retaining ownership of the land. CLTs enter into very long-term (99-year) ground leases with individual homeowners which give these homeowners most of the rights and responsibilities of traditional homeowners. The CLT ground lease, however, specifies limits on the homeowner's use and occupancy of their homes and limits the price at which these homes can be resold, should their owners ever choose to sell. Because they receive the benefit of substantial write-downs in the purchase price of their homes, CLT homeowners are expected to pass this benefit along to subsequent buyers by agreeing to sell their homes at a reduced price. The CLT ground lease spells out the homeowner's rights and responsibilities, and attempts to balance the interests of current homeowners with those of potential future homebuyers. Additionally, the CLT ground lease provides for the CLT to play an active and ongoing role in management of the community asset that is created when permanently affordable homes are built.

CLTs typically charge a modest monthly ground rent to support the provision of support to homeowners on an ongoing basis, and especially at the time of resale.

Burlington Associates agreed to work with the Sitka CDC and the broader Sitka community on a range of critical objectives essential to the planning and implementation of a successful community land trust initiative. These objectives include:

- Determine the appropriate organizational structure for the CLT entity; determine the membership requirements and the composition of the CLT's board of directors; and determine and outline the organizational documents needed (e.g., Articles of Incorporation, bylaws, and application to IRS for 501(c)(3) charitable designation) for the successful CLT operation<sup>3</sup>.
- Develop a preliminary business plan for the Sitka CLT, outlining the CLT's organizational structure and governance; the roles to be played by the CLT in developing its portfolio and the critical partnerships to be formed in order for the CLT to be operated successfully; the anticipated pace and scale at which the CLT's portfolio will grow; the staffing plan and organizational capacity needed to meet these anticipated goals; and a multi-year financial plan for the CLT's operations.
- Develop a ground lease and resale formula to be used in the first homes to be brought into CLT's portfolio.
- Develop eligibility criteria and a selection process to determine who will purchase and live in CLT's homes.
- Develop materials and outline strategies to orient potential homebuyers about the benefits and responsibilities of buying, owning and selling a CLT home as well as to educate and build support for the CLT's efforts among the general public and specific constituencies within the community.

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<sup>3</sup>It was thought likely that a CLT in Sitka would be established as a program under the corporate structure and governance of SCDC. If this were the case, new organizational documents would not be needed but modifications to SCDC's organizational documents may be required.



## Organizational Framework for the Sitka Community Land Trust

Beginning with the additional *pro bono* visit in December 2012 and continuing through the first site visit under the contract in August 2013, Burlington Associates and SCDC have discussed options and choices and developed a number of initial recommendations for the proposed structure and operations of a Sitka Community Land Trust. The recommendations developed through these meetings – recommendations forming the framework for the establishment and initial operation of the CLT – can be grouped into two major areas, organization structure and mission/work plan.

### Organizational Framework

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#### Geographic Service Area

*Issue: What will be the geographic service area of the Sitka CLT?*

Given its location and geography involved, it only makes sense that a Sitka CLT would target its activities, at least initially, in the City and Borough of Sitka.

#### Organizational Structure

*Issue: How best to structure the new community land trust to assure long-term viability of the organization and its operations? Options include:*

- a. *Should a new, independent, nonprofit organization be created to operate as the CLT?*
- b. *Should the CLT be ‘nested’, at least temporarily, within SCDC or another local nonprofit organization?*
- c. *Or should the CLT be structured as a separate but wholly-controlled subsidiary entity of SCDC or some other sponsoring organization?*

For a variety of reasons, SCDC determined to operate the CLT, at least initially, as a program under its corporate structure and governance. Factors influencing this decision for SCDC to operate a CLT program include: SCDC’s staff and board of directors have, for over a year, been advocating and providing information about a CLT and its benefits in Sitka; creating and operating a CLT program will be faster and less expensive than incorporating a new nonprofit organization; and no other local nonprofit (or public sector) organization has the interest or capacity needed to operate a CLT program successfully.

Work that will need to be completed to ‘adapt’ Sitka CDC to operate a successful CLT program, during the planning and implementation process, include:

- Review of SCDC’s Articles of Incorporation to determine if operating a CLT program is allowed under its corporate powers or if the Articles will need to be amended.
- Review SCDC’s bylaws and draft amendments needed for SCDC to operate a successful CLT program. Such amendments may include:
- Updating the corporate purposes and the powers and duties of the board of directors.



- Modifying the composition and selection of the board of directors to allow CLT homeowner representation (up to one-third of the seats) on the governing board.
- Modifying quorum requirements to ensure attendance and participation by directors from all categories in order to conduct business.
- Review SCDC’s application and ruling a “charitable” tax-exempt designation as a “charitable” organization under Section 501(c)(3) of the Internal Revenue Code, to determine SCDC’s ability, within this ruling, to operate a CLT program.

### **Board of Directors**

*Issue: How will the board of directors of the CLT be comprised and selected? How will the CLT be governed? Will the CLT’s board of directors be comprised of three equal parts, and with one-third of the seats reserved for persons living on CLT-owned land? Will there be any “reserved” seats? How will these directors be elected – by an open membership or by the board of directors itself?*

One of the distinguishing characteristics of community land trusts is the three-part composition of their governing board of directors – in which 1/3 of the seats are reserved for homeowners; 1/3 of the seats are reserved for community representatives (i.e., people who live in the CLT’s service area; and 1/3 of the director seats are reserved for public representatives (i.e., those who represent more broadly the interests of the general public).

As the CLT in Sitka is most likely to be operated, at least initially as a program under its corporate structure and governance, the Sitka CDC is considering amending its bylaws to allow for one-third of its board of directors to be filled by CLT homeowners. (Until SCDC actually has CLT homeowners, these seats can continue to be filled by those who can reasonably represent the interests of the CLT’s target clientele). In so doing, SCDC will meet the structural requirements stipulated by HUD for Community Housing Development Organizations (CHDOs).

Through this structure, SCDC’s membership will continue to be comprised of its board of directors and the governing board will continue to be responsible for filling vacancies as needed.

### **Development Strategy**

*Issue: What development strategies will be used to bring housing into the CLT’s portfolio – e.g., acquiring scattered site vacant land and developing new for-sale housing; acquiring contiguous sites and developing new for-sale (perhaps mixed-income) housing; acquiring vacant homes and rehabbing for them for resale; etc.?*

The Sitka Economic Development Association is currently exploring the potential for implementing a Housing Overlay District in the City and Borough of Sitka. If implemented, a likely outcome of this overlay district would be the creation of a number of affordably priced homes that the Sitka CLT program could be tasked with keeping affordable forever. In such an arrangement, SCDC could be the recipient of affordable homes developed by a for-profit developer or could act itself as the primary developer of these affordably priced homes.

It is also anticipated that homes in the CLT program could be a mix of new construction, for-sale, single-family homes – developed either as in-fill homes on available vacant lots or on

contiguous lots, as part of larger developments – and the acquisition, rehabilitation and resale of existing single-family homes. These CLT homes could be detached or attached (e.g., townhomes, row houses, or patio homes) single-family, for-sale homes. Additionally, SCDC acknowledges the urgent need for affordable, well-managed rental housing in Sitka and will actively explore the potential for developing, owning and preserving affordable rentals as part of its CLT portfolio.

### **Role in Housing Development Activities**

*Issue: What role(s) will the CLT play in the development of housing to be brought into its portfolio?*

Sitka CDC anticipates that quality, affordably priced homes will come into its portfolio in a number of ways, including:

- Affordably priced homes may be created through a to-be-implemented Housing Overlay District and placed in the CLT program to be kept affordable over the long term.
- SCDC will also expand its internal capacity to be a developer of the homes to be brought into its portfolio<sup>4</sup>. This development role is expected to be carried out in a number of ways, including:
  - In instances in which it is able to secure site control of developable sites, SCDC will act as the primary developer: designing the project concept, securing financing and needed local builders to partners to construct quality, for-sale homes, per SCDC’s specifications, on these sites.
- SCDC will also partner with for-profit developers and nonprofit development partners (such as the Baranof Island Housing Authority, or BIHA and RuralCAP) in developing affordably priced homes to be preserved through its CLT program. In these partnerships, risks and responsibilities will be shared and will be specifically delineated in negotiated development agreements. It is likely that SCDC’s responsibilities will include designing project concept, securing affordability subsidies, marketing and homebuyer orientation.
- SCDC will also plan and establish an endowment program wherein residents may bequeath their home, rental housing or property to the CLT.

In addition to any roles it will play in the actual development of housing, SCDC will, of course, carry primary responsibility for acting as *steward* of the affordability and quality of the homes in its CLT portfolio and the success of the homeowners in these homes.

### **Mission and Work Plan**

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#### **Target Population**

*Issue: Who will the CLT serve? In addition to specific income restrictions imposed by particular funding programs (e.g., HOME) who will be eligible to live in the CLT’s housing?*

The board of directors and staff of Sitka CDC are aware of the critical need for owner-occupied housing affordable to households with incomes below 80 percent of Sitka median

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<sup>4</sup>In HUD’s newly revised regulations, any organization seeking to qualify as a Community Housing Development Organization (CHDO) must have in-house staffing with specific housing development expertise.

income. Additionally, given the exceedingly high housing costs in Sitka, SCDC is also aware that households with incomes in the 80%-120% of area median income are also finding homeownership beyond their reach, based solely on their income.

Consequently, SCDC has determined that it will restrict its permanently affordable housing to local households within incomes below 120 percent of Sitka median income, adjusted for family size. Additionally, due to the urgency of local needs, SCDC will target senior households as well as households that are, by federal definition, “low-income” – i.e., households with incomes below 80% AMI – consistent with its IRS designation as a tax-exempt, “charitable” organization. SCDC will ensure that CLT homes purchased by households with incomes above 80% AMI will not utilize federal HOME funds or other public subsidy sources that are restricted to low-income households. Given the comparatively high median income level in Sitka, SCDC will likely try to serve working households with incomes below 80% of AMI, whenever possible.

More specific details on eligibility and selection criteria will be established as SCDC develops and begins planning for marketing of the first CLT homes to be made available for sale.

### **Subsidy Needs**

*Issue: How much can the CLT’s target market afford to pay for housing? How large are the affordability gaps? Where will these subsidies come from and in what quantity?*

Considerable subsidy investments will be needed in order to make Sitka CDC’s homes affordable to the households it hopes to serve. Assuming housing costs should not exceed 30% of a household’s gross income<sup>5</sup>:

- Sitka households with incomes between 60%-80% of area median income will likely need home purchase prices in the range of \$205,000 to \$272,000 in order to be able to qualify for a mortgage and purchase a home through SCDC’s CLT program.
- Sitka households with incomes between 80-100% of area median income will likely need home purchase prices in the range \$ 272,000 to \$340,000 in order to be able to qualify for a mortgage and purchase a home through SCDC’s CLT program.

SCDC will seek to secure commitments of affordability from public and private sources to create the affordability needed to serve households in these income ranges. Sources for these affordability subsidies would likely include HOME funding and other resources made available through the Alaska Housing Finance Corporation. There are also private subsidy sources that could be tapped, such as the Federal Home Loan Bank of Seattle, local employers, philanthropic organizations and private donors. It may also be possible that the City of Sitka may institute an affordable development incentive program through implementation of a Housing Overlay District that could target affordably priced homes to the CLT. Additionally, the City and Borough could consider additional programs in the future, such as density bonuses, expedited approval processes, and waived fees to spur the development of affordable housing. Should this be the case, Sitka CDC’s CLT program would advocate to be the recipient and steward of the affordably priced homes created through these municipal initiatives.

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<sup>5</sup> Additional underwriting assumptions for these examples include: 4.5% fixed-interest, 30-year mortgage; 5% down payment; property taxes at 6 mills; and property insurance at .25% of market value.

### **Distinguishing CLT from Other Community Housing Programs**

*Issue: How to stratify the CLT's limited-equity housing for other affordably priced housing?*

In order for any community land trust to be successful in creating and preserving a stock of permanently affordable housing, it is imperative to make sure that the CLT is not forced to compete with other similar affordable housing initiatives that do not carry long-term restrictions on land ownership and use, occupancy and resale of the improvements. Targeting at least the initial activities of the CLT towards households with incomes below 80% of area media income reduces the potential for conflict and competition between the CLT and other local nonprofit housing development organizations, particularly those providing affordable fee simple homeownership without long-term restrictions on resale.

### **Portfolio Development**

*Issue: How many affordably priced homes can be created and brought into the CLT's portfolio – beginning when and over what timeline?*

Given the relatively high land and housing costs in Sitka and the considerable subsidies required to make its CLT homes affordable to its target market, SCDC has determined to set a realistic and deliberate timeframe for building its portfolio of permanently affordable homes. SCDC anticipates the following timeline for the completion and sale of its CLT homes over the course of the next ten years:

- 2014: 1 home
- 2015: 1 home
- 2016: 6 homes
- 2017: 1 home
- 2018: 1 home
- 2019: 1 home
- 2020: 1 home
- 2021: 1 home
- 2022: 1 home
- 2023: 1 home

While it will actively explore additional opportunities to expand its portfolio during this 10-year timeframe, SCDC feels confident that it can have at least 15 homes in its portfolio by the end of 2023 and will build and maintain the organizational capacity needed to achieve this projected growth.

## Organizational Development and Capacity Strategy

Community land trusts are more than simply housing development organizations. CLTs are also high-touch, labor-intensive, service-enriched mechanisms to assist owners and residents of CLT housing to become successful in achieving their dreams. At the same time, CLTs are responsible for the on-going, long-term stewardship of the affordability and quality of the homes in its portfolio, assuring its availability and access to lower-income households for generations to come.

### Community Land Trust Staffing Assumptions

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Many factors affect the actual staffing plan – and, by extension, the operating budget requirements – for any start-up community land trust organization. These factors include (but are not limited to):

- The ability of the CLT and its development partners to secure the necessary affordability gap subsidies required to create the *initial* affordability of the homes it will keep affordable over the long haul.
- The number of homes that the CLT will bring into its portfolio over the course of the first years of its operation.
- The affordable price at which the CLT will be able to offer its homes for sale to limited-income households, the value of these homes at time of initial purchase and the rate at which the value of these homes will increase each year.
- The role(s) played by the CLT in the process of developing homes that will come into its portfolio.
- The extent to which the CLT can build successful partnerships with other local organizations and entities that may be able to carry out some of the ongoing responsibilities to which CLTs commit themselves.
- The ability of the CLT to secure up-front grant funding to sustain its operations during the years when operating expenses are increasing but internally-generated fees and revenues have not yet fully kicked in.

### Sitka CLT Program Staffing Assumptions

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For new, standalone community land trusts, the typical staffing plan is:

1. The first step is to hire a competent **Executive Director**– either full-time or part-time, depending on the anticipated pace and scale of the CLTs activities – to coordinate the initial activities of the organization and to serve as the public ‘face’ of the CLT to its many constituencies.



2. The next professional staff person typically hired is a **Homebuyer and Homeowner Services Coordinator** who carries primary responsibility for marketing affordable units, educating potential homebuyers and screening their initial eligibility, monitoring and enforcing homeowner compliance with the terms of the ground lease and affordability restrictions, managing the resale of CLT homes and providing (or arranging for) backstopping support and assistance for the CLT's homeowners.
3. And for CLTs that are bringing a significant number of units 'on-line', the next staff person typically hired is an **Executive Assistant** (either part-time or full-time) in order to free up sufficient time for the Executive Director and Homebuyer/Homeowner Services Coordinator to carry out the leadership responsibilities for which they are respectively responsible.

### **CLT Stewardship Staffing**

Community land trusts are committed, on behalf of the communities they serve, to long-term stewardship of the homes in their portfolio and to the households that own and occupy these homes. Specifically, CLTs make a substantial number of bold commitments and promises to a wide range of constituents and stakeholders.

To homeowners, CLTs commit to monitor and enforce compliance with the ground leases they signed; to 'stand behind' them and assist, as needed, their efforts to be successful homeowners; and to manage the resale of their homes, should they ever choose to sell.

And to public and private funders, subsidy providers and lenders, and the communities they serve, CLTs commit to preserve housing affordability forever; to protect and leverage affordability subsidies invested to create this affordability; and to ensure that the quality and value of the CLT homes is maintained and the prospects for the success of homeowners is enhanced.

Without question, managing these fundamental stewardship commitments is the single most important work the CLT does. And these responsibilities are non-negotiable, considerable and ongoing for a very long time. [See **Exhibit A**, "On-Going Tasks and Responsibilities for CLTs" [**Exhibit A** below], for a simple outline of these ongoing commitments.

Clearly, not planning adequately for stewardship staffing is one of the biggest mistakes a newly developing CLT – or CLT program – can make.

Given that (a) SCDC will be operating the CLT, at least initially, as a program under its corporate structure and governance and (b) SCDC already has an Executive Director, there is no need in the business planning for Sitka CDC's CLT program to factor in for the recruitment and hiring of an Executive Director. Instead, it is assumed that SCDC's Executive Director will serve as the director of SCDC's CLT program, as well. Additionally, it is anticipated that SCDC's Executive Director (and manager of its CLT program) will also be responsible for managing the CLT program's stewardship program.

## **Sitka CDC's CLT Program Operating Costs**

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Beginning in 2014, Sitka CDC will begin incurring additional costs for staffing, administrative overhead, and other expenses directly related to the operation of its CLT program.

**Exhibit B** [below] provides a 5-year projection of the budget for Sitka CDC's CLT program, based on the operating 'scenario' outlined above. This spreadsheet provides a preliminary outline of operating expenses including staffing, administration, and other project specific expenses – as well as revenue requirements – based on the estimated growth of the CLT program's homes and homeowners. A bit of explanation is in order:

### **Sitka CDC's CLT Program Operating Expenses**

Like other CLTs, staffing and administration/program management responsibilities for Sitka CDC's CLT program operations – and, by extension, the additional operating costs it will incur – will be determined, in large part, by the number of units that are brought into its portfolio over this 5-year timeframe.

These additional expenses can be broadly grouped into two primary categories:

**Staffing** – Dedicated staffing will be required to manage the CLT program and its various ongoing responsibilities, as there is simply too much work and too many ongoing obligations to be handled solely by volunteers. Specifically, SCDC will need dedicated, paid staffing in several areas – most notably:

- **Housing development** – Developing the CLT's permanently affordable homes will require specific, technical, expertise – either as an employee of SCDC or as a paid contractor to SCDC. Whether managing specific start-to-finish development projects directly for SCDC or coordinating partnerships with public or private development entities, in-house expertise will be needed to handle these responsibilities. SCDC could hire or contract with someone to coordinate these development projects or these responsibilities could be added to SCDC's Executive Director responsibilities.

It is difficult to estimate how much time would be needed to manage these development duties, either on an annual or a weekly basis, even with a modest one-home-per-year development timetable. Clearly, it does not take a full year to develop, build, and complete a single home. Nevertheless, critical tasks like negotiating and securing site control, arranging financing and securing affordability subsidies, securing municipal approvals, crafting and nurturing partnerships and development agreements and the like, all take time and effort. For this reason, it is estimated that SCDC will need minimum dedicated staffing for its housing development activities at the following levels, to accomplish its annual portfolio development goals over the first five years of the CLT program's operations:

2014 – 4 hours per week  
2015 – 6 hours per week  
2016 – 8 hours per week  
2017 – 4 hours per week  
2018 – 4 hours per week

- Stewardship – SCDC will also need to manage the non-negotiable pre-purchase and post-purchase responsibilities required of any CLT (duties and tasks outlined in Exhibit A).

There is no single, definitive, one-size-fits-all ratio that is used by all community land trusts to determine the level of staffing needed to manage stewardship operations and stewardship for a specific number of CLT homes and homeowners. However, Burlington Associates uses a rather conservative rule of thumb in helping new start-up community land trusts plan their staffing needs and to project their initial operating budgets – namely, that one full-time staff person (1 FTE) is needed to manage the pre-purchase and post-purchase stewardship responsibilities for every 75 CLT homes and homeowners<sup>6</sup>. Accordingly, if (as estimated above) SCDC expects to have 15 homes and homeowners in its CLT portfolio at the end of 2023, it will need someone staffing its CLT stewardship responsibilities for at least 8 hours (.2 FTE) per week. Similarly, with an estimated eight (8) CLT homes and homeowners by the end of 2016, SCDC will need someone solely focused on managing stewardship responsibilities for at least 4 hours weekly.

#### Organizational overhead and professional fees

Inevitably, will incur additional costs related to the creation and operation of a major new program initiative. While not dramatic, at least in most cases, these budget increases, directly related to the CLT program, are likely to include:

- Additional bookkeeping and audit expenses – The CLT program will require additional and unique accounting requirements.
- Expanded public outreach and community education – Strategies and materials will be needed to build awareness and support for the community land trust strategy and SCDC’s specific goals and objectives for its CLT program
- Legal fees – As the CLT program is established, an attorney will need to review and approve SCDC’s CLT ground lease and related closing documents. As the program moves forward, SCDC will need legal counsel related to its development activities; formation of partnership agreements, development agreements, and the like; and for advice on related issues.

It is estimated that SCDC is likely to incur \$5,000 in legal fees in 2014 (for critique and approval of its CLT-specific legal documents) and that the additional overhead and administration costs related to the CLT program will cost SCDC \$2,500 per year.

#### **Sitka CDC’s CLT Program Operating Revenue**

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As is the case with any community land trust organization, revenue to offset the cost of operating Sitka CDC’s CLT program can be expected to come from two primary sources:

1. Revenue that the CLT program is able to generate internally, through its operations.
2. Funding that comes from outside the organization.

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<sup>6</sup> It bears noting that certain economies of scale can be reached by CLTs having larger portfolios. Nevertheless, this 75 homes/homeowners = 1 FTE ratio is a sound starting point for a new CLT program like the one being developed by SCDC.



It bears significant note that all revenue that cannot be generated through SCDC's CLT program's internal operations must, by definition, come from some source(s) outside the organization.

### Program-Generated Revenue

SCDC's community land trust program will generate some portion of the revenue it needs to cover the cost of its operations. This revenue is directly tied to the number of homes and homeowners in SCDC's portfolio. Potential sources for this internally generated revenue include:

#### 1. Sources raised from housing development activities

##### a. Fees for Facilitating the Development of Affordable Homes for its Portfolio

It is likely that SCDC will play a lead role in coordinating the marketing and sale of the affordable for-sale homes it brings into its CLT program. This will be especially true, for example, with affordably priced homes coming into the CLT program in the event that the City establishes a Housing Overlay District and stipulates that the CLT program will be responsible for maintaining the affordability of these homes. In these situations, SCDC staff will provide a comprehensive set of services to these projects including marketing and outreach, managing waiting lists, screening potential buyers for eligibility, coordinating homebuyer orientation and counseling, and working with local lenders to qualify low and moderate income buyers for mortgages.

Typically, real estate agents charge a fee of 6 % of sales price (or more) to perform similar services. Nonprofit agencies that perform these services for affordable projects typically charge no more than 3% of the sales price<sup>7</sup>. In the event that SCDC ends up taking responsibility for the marketing and sale of affordably priced homes developed by another for-profit or nonprofit entity to be brought into the CLT's portfolio, it projects charging a marketing fee equal to three percent (3%) of the affordable sale price.

#### 2. Sources raised from operation as a community land trust

##### a. Ground Lease Fees

Each homeowner will pay a monthly ground lease fee. While these fees may be the CLT's most reliable source of revenue, the need to keep the fee relatively low to not reduce the level of mortgage financing for which the homebuyer can qualify means that the CLT program will not be able to rely on ground lease fees to cover a significant portion of the cost of operating the program in the initial years. For this reason, it is anticipated that homeowners in Sitka CDC's CLT program will, at least in the early years of the CLT's operations, pay a nominal monthly ground lease fee of \$40/month – similar to many other CLTs across the country.

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<sup>7</sup>For example, **Proud Ground** in Portland Oregon manages the sales of single-family homes on behalf of a number of different nonprofit homebuilder partners, charging each project a marketing fee of **\$3,000 to \$4,000** per unit or more.

#### b. Lease Re-issuance Fees

Because the resale formula tends to hold the price of most CLT homes far below their market value, many CLTs are able to add a small charge to the resale price without compromising the home's affordability, when these limited-equity homes change hands. This budget projects that its CLT program will collect \$5,000 per lease re-issuance, assuming that one SCDC CLT home will be resold every ten (10) years. It is important to remember that any fee collected by the CLT for managing the resale and maintaining this stock of permanently affordable housing is added on the purchase price to the new buyer, thereby impacting its affordability.

#### **Revenue Generated from External Sources**

Any and all revenue required to cover organizational operating expenses that cannot be generated from internal sources must be generated from sources outside the organization. This revenue typically comes from sources that are either public (typically, city- or -generated) or private (philanthropic) sources.

- a. Local Government Service Contracts and/or Grants – Many community land trusts across the country receive operating grants or service contracts from the municipalities in their service area. Sometimes, the funding for these arrangements come from federal sources (e.g., HOME or CDBG funds), state sources (e.g., funds made available through the state housing finance agency) or funds generated locally (e.g., through fees collected, bonds issued, etc.) The rationale for this municipal funding for CLT operations is because the CLT is saving the public sector a great deal of money by preserving and leveraging public investments made to create housing affordability.

Sitka CDC, as a careful steward of limited public subsidies, will explore the potential for securing ongoing operating support from the City and Borough of Sitka. Additionally, once it is certified as a Community Housing Development Organization (CHDO) SCDC will explore operating support through the Alaska Housing Finance Corporation, such as CHDO operating support.

- b. Private Grants – Without doubt, the largest source of external operating support for CLTs across the country are private foundations, most typically those that provide funding within the state or regional area in which the CLT is operating. As a tax-exempt entity and as a community organization committed to preserving critically needed housing affordability and protecting and leveraging the public and private resources invested to create this initial affordability, CLTs are often regarded highly by the philanthropic community in their funding priorities and decisions.<sup>8</sup>

SCDC will pursue support from local, regional and statewide foundations for grant commitments to cover initial and ongoing operating costs.

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<sup>8</sup> It bears noting here that, with unfortunately few exceptions, foundations tend to be much more interested in funding a CLT's (or other nonprofit's) early years of operations than in providing ongoing operating support, year after year.

- c. Corporate Donors – In many communities, local employers have difficulty recruiting and retaining a steady workforce, due to critical shortages of quality, nearby housing for households at prices their employees can afford. Consequently, a number of community land trusts have been successful in securing either one-time or ongoing funding commitments from local employers, such as school districts, hospitals, local manufacturers, etc. In some cases, this operating support for the CLT is paired with down payment assistance for employees, to help them qualify for buying and owning a CLT home.

SCDC will reach out to local businesses and employers to build awareness and support for its mission and activities and to solicit financial commitments to sustain its ongoing operations.

- d. Individual Donors – Many nonprofits, like other community organizations, are able to raise contributions from individuals to help support their operating costs. In some cases, they have also been successful in securing donations of land – or the ‘bargain sale’ of parcels at reduced prices – from socially motivated individuals or institutions.

SCDC will target individual donors – and, whenever feasible, conduct annual fundraising appeals designed to build awareness and support for its mission and activities and garner financial contributions to help sustain its ongoing operations.

- e. Grassroots Fundraising – Like other community land trusts (and nonprofit organizations, in general) grassroots fundraising offers a potential means to raise modest amounts of operating revenue. Typically, these grassroots fundraising events are far more successful in raising awareness, good will and community support than they are in raising cash to cover operating expenses.

SCDC will, whenever feasible, conduct local fundraising events intended to broaden political and financial support with the Sitka community for its CLT activities

- f. In-kind contributions – Like other nonprofits, many CLTs have become effective at building partnerships with for-profit and nonprofit businesses, as well as private individuals, willing to provide services and other assistance to the CLT on a free or reduced-fee basis. Examples include: professionals (e.g., attorneys, accountants, realtors, PR and marketing specialists, etc.) providing *pro bono* or reduced-rate services to the CLT and its projects and initiatives; companies willing to provide office space (sometimes even with reception and telephone and internet bandwidth) to the CLT; donated printer services; etc.

SCDC will continue to build its track record in soliciting and securing in-kind contributions from businesses and individuals in Sitka.

## Sitka CDC CLT Program Operating Budget

11-Nov-13		Year 1	Year 2	Year 3	Year 4	Year 5
		2014	2015	2016	2017	2018
<b>A. Project Build-out Assumptions</b>						
Totals		1	1	6	1	1
cumulative unit totals:		1	2	8	9	10
<b>B. Program Expenses</b>						
Personnel		cola: 3.0% Annualized				
		2014	2015	2016	2017	2018
<b>Salaries</b>		Salary (2014)				
Executive Director		75,000	0	0	0	0
FTE:		0%	0%	0%	0%	0%
<sup>(1)</sup> Development Coordinator		50,000	5,000	7,725	10,609	5,464
FTE:		10%	15%	20%	10%	10%
<sup>(2)</sup> Stewardship Coordinator		50,000	0	3,605	4,774	5,464
FTE:		0%	7%	9%	10%	11%
<b>Total Salaries</b>		5,000	11,330	15,383	10,927	11,818
Number of FTEs		0.10	0.22	0.29	0.20	0.21
<b>Benefits</b>		15% of total salaries				
Total Personnel Costs		5,750	13,030	17,691	12,566	13,591
<b>Administration &amp; Overhead</b>		20% of total payroll				
		1,150	2,606	3,538	2,513	2,718
<b>TOTAL ANNUAL OPERATING EXPENSES</b>		6,900	15,635	21,229	15,080	16,309
<b>C. Program-Generated Revenue</b>						
<b>Development Assumptions</b>						
Value of home in first year of development		\$ 200,000				
Estimated annual rate of market appreciation		6.0%				
Home Value		200,000	212,000	224,720	238,203	252,495
<b>Developer Fees</b>		0.00% of value of each unit developed				
		0	0	0	0	0
<b>Fees for Facilitating the Sale of CLT Homes</b>		3.0% of value of each unit developed				
		6,000	6,360	40,450	7,146	7,575
<b>Ground Lease Fees (GLF)</b>		\$30 Initial monthly Ground Lease Fee (GLF)				
		180	540	2,880	3,240	3,600
<b>Lease Re-issuance Fees</b>		\$5,000 added to resale price to new buyer				
		0	0	0	0	0
<b>TOTAL PROGRAM REVENUE</b>		6,180	6,900	43,330	10,386	11,175
<b>D. Additional Operating Support</b>						
City and Borough Funding		-	-	-	-	-
Private Foundations, Banks, etc.		-	-	-	-	-
Community Fundraising (events; donations)		-	-	-	-	-
Commercial/rental/institutional lease fee income		-	-	-	-	-
Other		-	-	-	-	-
Other		-	-	-	-	-
<b>TOTAL FUNDRAISING</b>		0	0	0	0	0
<b>Projected Net Income*</b>		(720)	(8,735)	22,101	(4,694)	(5,134)
*Program Generated Revenue + Fundraising for Operating Support - Operating Expenses						
<b>Cumulative Net Income</b>		(720)	(9,455)	12,646	7,952	2,818



**SITKA COMMUNITY DEVELOPMENT CORPORATION  
COMMUNITY LAND TRUST  
GROUND LEASE  
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- Exhibit I: STANDARD PERMITTED MORTGAGE AGREEMENT
- Exhibit J: HOME REPAIR AND REPLACEMENT RESERVES

**Other Exhibits to be Attached, as Appropriate**

- Exhibit RESTRICTIONS

THIS LEASE (“this Lease” or “the Lease”) entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Sitka Community Development Corporation (hereinafter “CLT” or “the CLT”) and \_\_\_\_\_ (“Homeowner”).

**RECITALS**

- A.** The CLT is organized exclusively for charitable purposes, including the purpose of providing homeownership opportunities for low- and moderate-income people who would otherwise be unable to afford homeownership.
- B.** A goal of the CLT is to preserve affordable homeownership opportunities through the long-term leasing of land under owner-occupied homes.
- C.** The Leased Land described in this Lease has been acquired and is being leased by the CLT in furtherance of this goal.
- D.** The Homeowner shares the purposes of the CLT and has agreed to enter into this Lease not only to obtain the benefits of homeownership, but also to further the charitable purposes of the CLT.
- E.** Homeowner and CLT recognize the special nature of the terms of this Lease, and each of them accepts these terms, including those terms that affect the marketing and resale price of the property now being purchased by the Homeowner.
- F.** Homeowner and CLT agree that the terms of this Lease further their shared goals over an extended period of time and through a succession of owners.

**NOW THEREFORE**, Homeowner and CLT agree on all of the terms and conditions of this Lease as set forth below.

**DEFINITIONS:** Homeowner and CLT agree on the following definitions of key terms used in this Lease.

**Leased Land:** the parcel of land, described in Exhibit: LEASED LAND, which is leased to the Homeowner.

**Home:** the residential structure and other permanent improvements located on the Leased Land and owned by the Homeowner, including both the original Home described in Exhibit D: DEED, and all permanent improvements added thereafter by Homeowner at Homeowner’s expense.

**Base Price:** the total price that is paid for the Home by the Homeowner (including the amount provided by a first mortgage loan but not including subsidy in the form of deferred loans to the Homeowner).

**Purchase Option Price:** the maximum price the Homeowner is allowed to receive for the sale of the Home and the Homeowner’s right to possess, occupy and use the Leased Land, as defined in Article 10 of this Lease.



**Lease Fee:** The monthly fee that the Homeowner pays to the CLT for the continuing use of the Leased Land and any additional amounts that the CLT charges to the Homeowner for reasons permitted by this Lease.

**Permitted Mortgage:** A mortgage or deed of trust on the Home and the Homeowner's right to possess, occupy and use the Leased Land granted to a lender by the Homeowner with the CLT's Permission. The Homeowner may not mortgage the CLT's interest in the Leased Land, and may not grant any mortgage or deed of trust without CLT's Permission.

**Event of Default:** Any violation of the terms of the Lease unless it has been corrected ("cured") by Homeowner or the holder of a Permitted Mortgage in the specified period of time after a written Notice of Default has been given by CLT.

**ARTICLE 1: Homeowner's Letter of Agreement and Attorney's Letter of Acknowledgment are Attached as Exhibits.**

Attached as Exhibit A: HOMEOWNER'S LETTER OF AGREEMENT and Exhibit B: ATTORNEY'S LETTER OF ACKNOWLEDGMENT and made part of this Lease by reference are a Letter of Agreement from the Homeowner, describing the Homeowner's understanding and acceptance of this Lease (including the parts of the Lease that affect the resale of the Home) and a Letter of Acknowledgment from the Homeowner's attorney, describing the attorney's review of the Lease with the Homeowner.

**ARTICLE 2: Leasing of Rights to the Land**

2.1 CLT LEASES THE LAND TO HOMEOWNER: The CLT hereby leases to the Homeowner, and Homeowner hereby accepts, the right to possess, occupy and use the Leased Land (described in the attached Exhibit C: LEASED LAND) in accordance with the terms of this Lease. CLT has furnished to Homeowner a copy of the most current title report, if any, obtained by CLT for the Leased Land, and Homeowner accepts title to the Leased Land in its condition "as is" as of the signing of this Lease.

2.2 MINERAL RIGHTS NOT LEASED TO HOMEOWNER: CLT does not lease to Homeowner the right to remove from the Leased Land any minerals lying beneath the Leased Land's surface. Ownership of such minerals remains with the CLT, but the CLT shall not remove any such minerals from the Leased Land without the Homeowner's written permission.

**ARTICLE 3: Term of Lease, Change of Land Owner**

3.1 TERM OF LEASE IS 99 YEARS: This Lease shall remain in effect for 99 years, beginning on the \_\_\_ day of \_\_\_\_\_, 20\_\_\_, and ending on the \_\_\_\_\_ day of \_\_\_\_\_, 21\_\_\_, unless ended sooner or renewed as provided below.

3.2 HOMEOWNER CAN RENEW LEASE FOR ANOTHER 99 YEARS: Homeowner may renew this Lease for one additional period of 99 years. The CLT may change the terms of the Lease for the renewal period prior to the beginning of the renewal period but only if these changes do not materially and adversely interfere with the rights possessed by Homeowner under the Lease. Not more than 365 nor less than 180 days before the last day of the first 99-year period, CLT shall give Homeowner a written notice that states the date of the expiration of the first 99-year period and the conditions for renewal as set forth in the following paragraph ("the Expiration Notice"). The Expiration Notice shall also describe any changes that CLT intends to make in the Lease for the renewal period as permitted above.

The Homeowner shall then have the right to renew the Lease only if the following conditions are met: (a) within 60 days of receipt of the Expiration Notice, the Homeowner shall give CLT written notice stating the Homeowner's desire to renew ("the Renewal Notice"); (b) this Lease shall be in effect on the last day of the original 99-year term, and (c) the Homeowner shall not be in default under this Lease or under any Permitted Mortgage on the last day of the original 99-year term.

When Homeowner has exercised the option to renew, Homeowner and CLT shall sign a memorandum stating that the option has been exercised. The memorandum shall comply with the requirements for a notice of lease as stated in Section 14.12 below. The CLT shall record this memorandum in accordance with the requirements of law promptly after the beginning of the renewal period.

**3.3 WHAT HAPPENS IF CLT DECIDES TO SELL THE LEASED LAND:** If ownership of the Leased Land is ever transferred by CLT (whether voluntarily or involuntarily) to any other person or institution, this Lease shall not cease, but shall remain binding on the new land-owner as well as the Homeowner. If CLT agrees to transfer the Leased Land to any person or institution other than a non-profit corporation, charitable trust, government agency or other similar institution sharing the goals described in the Recitals above, the Homeowner shall have a right of first refusal to purchase the Leased Land. The details of this right shall be as stated in the attached Exhibit F: FIRST REFUSAL. Any sale or other transfer contrary to this Section 3.3 shall be null and void.

#### **ARTICLE 4: Use of Leased Land**

##### **4.1 HOMEOWNER MAY USE THE HOME ONLY FOR RESIDENTIAL AND RELATED PURPOSES:**

Homeowner shall use, and allow others to use, the Home and Leased Land only for residential purposes and any activities related to residential use that were permitted by local zoning law when the Lease was signed, as indicated in the attached Exhibit G: ZONING. Prior written approval must be obtained from CLT before conducting business activity inside or from the home and/or before some use or activity that would require a Conditional Use Permit (CUP.)

**4.2 HOMEOWNER MUST USE THE HOME AND LEASED LAND RESPONSIBLY AND IN COMPLIANCE WITH THE LAW:** Homeowner shall use the Home and Leased Land in a way that will not cause harm to others or create any public nuisance. Homeowner shall dispose of all waste in a safe and sanitary manner. Homeowner shall maintain all parts of the Home and Leased Land in safe, sound and habitable condition, in full compliance with all laws and regulations, and in the condition that is required to maintain the insurance coverage required by Section 9.4 of this Lease.

**4.3 HOMEOWNER IS RESPONSIBLE FOR USE BY OTHERS:** Homeowner shall be responsible for the use of the Home and Leased Land by all residents and visitors and anyone else using the Leased Land with Homeowner's permission and shall make all such people aware of the restrictions on use set forth in this Lease.

**4.4 HOMEOWNER MUST OCCUPY THE HOME AS PRIMARY RESIDENCE:** Homeowner shall occupy the Home in compliance with the annual presence/absence requirements of the Permanent Fund Dividend program (no more than 90 days consecutive or 180 days total absence), unless otherwise agreed by CLT. Proof of PFD qualification shall be submitted to CLT annually. Occupancy by Homeowner's child, spouse, domestic partner or other persons approved by CLT shall be considered occupancy by Homeowner. Neither compliance with the occupancy requirement nor CLT's permission for an extended period of non-occupancy constitutes permission to sublease the Leased Land and Home, which is addressed in Section 4.5 below. In the event that the Homeowner does not

apply for a PFD the Homeowner will prove residency using PFD criteria for residency, including a signed statement with two witnesses verifying the required residency.

**4.5 LEASED LAND MAY NOT BE SUBLEASED WITHOUT CLT'S PERMISSION:** Except as otherwise provided in Article 8 and Article 10, Homeowner shall not sublease, sell or otherwise convey any of Homeowner's rights under this Lease, for any period of time, without the written permission of CLT. Homeowner agrees that CLT shall have the right to withhold such consent in order to further the purposes of this Lease.

If permission for subleasing is granted, the sublease shall be subject to the following conditions.

- a) Any sublease shall be subject to all of the terms of this Lease.
- b) The rental or occupancy fee charged the sub-lessee shall not be more than the amount of the Lease Fee charged the Homeowner by the CLT, plus an amount approved by CLT to cover Homeowner's costs in owning the Home, including but not limited to the cost of taxes, insurance and mortgage interest.

**4.6 CLT HAS A RIGHT TO INSPECT THE LEASED LAND AND IMPROVEMENTS:** The CLT may inspect any part of the Leased Land including the interiors of fully enclosed buildings, at any reasonable time, after notifying the Homeowner at least 48 hours before the planned inspection. No more than one (1) regular inspection may be carried out in a single year, except in the case of an emergency. In an emergency, the CLT may inspect any part of the Leased Land including the interiors of fully enclosed buildings, after making reasonable efforts to inform the Homeowner before the inspection.

If the CLT has received an Intent-To-Sell Notice (as described in Section 10.4 below), then the CLT has the right to inspect the interiors of all fully enclosed buildings to determine their condition prior to the sale. The CLT must notify the Homeowner at least 48 hours before carrying out such inspection.

**4.7 HOMEOWNER HAS A RIGHT TO QUIET ENJOYMENT:** Homeowner has the right to quiet enjoyment of the Leased Land. The CLT has no desire or intention to interfere with the personal lives, associations, expressions, or actions of the Homeowner in any way not permitted by this Lease.

#### **ARTICLE 5: Lease Fee**

**5.1 AMOUNT OF LEASE FEE:** The Homeowner shall pay a monthly Lease Fee in the amount of fifty dollars (\$50.00) to be paid in return for the continuing right to possess, occupy and use the Leased Land, plus (b) a Home Repair and Replacement Reserve Fee of twenty five dollars (\$25.00) to be held by the CLT and used for the purpose of preserving the physical quality of the Home for the long term in accordance with Section 7.6 below.

**5.2 WHEN THE LEASE FEE IS TO BE PAID (DUE DATE):** The Lease Fee shall be payable to CLT on the first day of each month for as long as this Lease remains in effect, unless the Lease Fee is to be escrowed and paid by a Permitted Mortgagee, in which case payment shall be made as directed by that Mortgagee.

**5.3 HOW THE AMOUNT OF THE LEASE FEE HAS BEEN DETERMINED:** The amount of the Land Use Fee stated in Section 5.1 above has been determined as follows. First, the approximate monthly fair rental value of the Leased Land has been established, as of the beginning of the Lease term, recognizing that the fair rental value is reduced by certain restrictions imposed by the Lease on the use of the Land. Then the affordability of this monthly amount, plus the amount of the Home Repair

and Replacement Reserve Fee, for the Homeowner has been analyzed and, if necessary, the Land Use has been reduced to an amount considered to be affordable for Homeowner.

**5.4 CLT MAY REDUCE OR SUSPEND THE LEASE FEE TO IMPROVE AFFORDABILITY:** CLT may reduce or suspend the total amount of the Lease Fee for a period of time for the purpose of improving the affordability of the Homeowner's monthly housing costs. Any such reduction or suspension must be in writing and signed by CLT.

**5.5 FEES MAY BE INCREASED FROM TIME TO TIME:** The CLT may increase the amount of the Land Use Fee and/or the Repair Reserve Fee from time to time, but not more often than once every five (5) years. Each time such amounts are increased, the total percentage of increase since the date this Lease was signed shall not be greater than the percentage of increase, over the same period of time, in the Consumer Price Index for urban wage earners and clerical workers for the urban area in which the Leased Land is located, or, if none, for urban areas the size of Sitka.

**5.6 LAND USE FEE WILL BE INCREASED IF RESTRICTIONS ARE REMOVED:** If, for any reason, the provisions of Article 10 regarding transfers of the Home or Sections 4.4 and 4.5 regarding occupancy and subleasing are suspended or invalidated for any period of time, then during that time the Land Use Fee shall be increased to an amount calculated by CLT to equal the fair rental value of the Leased Land for use not restricted by the suspended provisions, but initially an amount not exceeding **(\$TBD at closing) (\$\_\_\_\_\_)**. Such increase shall become effective upon CLT's written notice to Homeowner. Thereafter, for so long as these restrictions are not reinstated in the Lease, the CLT may, from time to time, further increase the amount of such Land Use Fee, provided that the amount of the Land Use Fee does not exceed the fair rental value of the property, and provided that such increases do not occur more often than once every year.

**5.7 IF PAYMENT IS LATE, LATE FEE CAN BE CHARGED:** If the CLT has not received any monthly installment of the Lease Fee on or before the date on which the such installment first becomes payable under this Lease (the "Due Date"), the CLT may require Homeowner to pay a \$25 late fee monthly on the unpaid balance. Such fee shall be deemed additional Lease Fee and shall be paid by Homeowner to CLT upon demand; provided, however, that CLT shall waive any such fee that would otherwise be payable to CLT if such payment of the Lease Fee is received by CLT on or before the thirtieth (30<sup>th</sup>) day after the Due Date.

**5.8 CLT CAN COLLECT UNPAID FEES WHEN HOME IS SOLD:** In the event that any amount of payable Lease Fee remains unpaid when the Home is sold, the outstanding amount of payable Lease Fee, including any late fee as provided above, shall be paid to CLT out of any proceeds from the sale that would otherwise be due to Homeowner. The CLT shall have, and the Homeowner hereby consents to, a lien upon the Home for any unpaid Lease Fee. Such lien shall be prior to all other liens and encumbrances on the Home except (a) liens and encumbrances recorded before the recording of this Lease, (b) Permitted Mortgages as defined in section 8.1 below; and (c) liens for real property taxes and other governmental assessments or charges against the Home.

#### **ARTICLE 6: Taxes and Assessments**

**6.1 HOMEOWNER IS RESPONSIBLE FOR PAYING ALL TAXES AND ASSESSMENTS:** Homeowner shall pay directly, when due, all taxes and governmental assessments that relate to the Home and the Leased Land (including any taxes relating to the CLT's interest in the Leased Land).



**6.2 CLT WILL PASS ON ANY TAX BILLS IT RECEIVES TO HOMEOWNER:** In the event that the local taxing authority bills CLT for any portion of the taxes on the Home or Leased Land, CLT shall pass the bill to Homeowner and Homeowner shall promptly pay this bill.

**6.3 HOMEOWNER HAS A RIGHT TO CONTEST TAXES:** Homeowner shall have the right to contest the amount or validity of any taxes relating to the Home and Leased Land. Upon receiving a reasonable request from Homeowner for assistance in this matter, CLT shall join in contesting such taxes. Homeowner shall pay all costs of such proceedings.

**6.4 IF HOMEOWNER FAILS TO PAY TAXES, CLT MAY INCREASE LEASE FEE:** In the event that Homeowner fails to pay the taxes or other charges described in Section 6.1 above, CLT may increase Homeowner's Lease Fee to offset the amount of taxes and other charges owed by Homeowner. Upon collecting any such amount, CLT shall pay the amount collected to the taxing authority in a timely manner.

**6.5 PARTY THAT PAYS TAXES MUST SHOW PROOF:** When either party pays taxes relating to the Home or Leased Land, that party shall furnish satisfactory evidence of the payment to the other party. A photocopy of a receipt shall be the usual method of furnishing such evidence.

#### **ARTICLE 7: The Home**

**7.1 HOMEOWNER OWNS THE HOUSE AND ALL OTHER IMPROVEMENTS ON THE LEASED LAND:** All structures, including the house, fixtures, and other improvements purchased, constructed, or installed by the Homeowner on any part of the Leased Land at any time during the term of this Lease (collectively, the "Home") shall be property of the Homeowner. Title to the Home shall be and remain vested in the Homeowner. However, Homeowner's rights of ownership are limited by certain provisions of this Lease, including provisions regarding the sale or leasing of the Home by the Homeowner and the CLT's option to purchase the Home. In addition, Homeowner shall not remove any part of the Home from the Leased Land without CLT's prior written consent.

**7.2 HOMEOWNER PURCHASES HOME WHEN SIGNING LEASE:** Upon the signing of this Lease, Homeowner is simultaneously purchasing the Home located at that time on the Leased Land, as described in the Deed, a copy of which is attached to this Lease as Exhibit D: DEED.

**7.3 CONSTRUCTION CARRIED OUT BY HOMEOWNER MUST COMPLY WITH CERTAIN REQUIREMENTS:** Any construction in connection with the Home is permitted only if the following requirements are met: (a) all costs shall be paid for by the Homeowner; (b) all construction shall be performed in a professional manner and shall comply with all applicable laws and regulations; (c) all changes in the Home shall be consistent with the permitted uses described in Article 4; (d) any construction shall not be built or installed on the Leased Land without the prior written consent of CLT.

Homeowner shall submit a written request to the CLT. Such request shall include:

- a) a written statement of the reasons for undertaking the construction;
- b) a set of drawings (floor plan and elevations) showing the dimensions of the proposed construction;
- c) a list of the necessary materials, with quantities needed;
- d) a statement of who will do the work;

If the CLT finds it needs additional information it shall request such information from Homeowner within two weeks of receipt of Homeowner's request. The CLT then, within two weeks of receiving

all necessary information (including any additional information it may have requested) shall give Homeowner either its written consent or a written statement of its reasons for not consenting. Before construction can begin, Homeowner shall provide CLT with copies of all necessary building permits, if not previously provided.

**7.4 HOMEOWNER MAY NOT ALLOW STATUTORY LIENS TO REMAIN AGAINST LEASED LAND OR HOME:** No lien of any type shall attach to the CLT's title to the Leased Land. Homeowner shall not permit any statutory or similar lien to be filed against the Leased Land or the Home that remains more than 60 days after it has been filed. Homeowner shall take action to discharge such lien, whether by means of payment, deposit, bond, court order, or other means permitted by law. If Homeowner fails to discharge such lien within the 60-day period, then Homeowner shall immediately notify CLT of such failure. CLT shall have the right to discharge the lien by paying the amount in question. Homeowner may, at Homeowner's expense, contest the validity of any such asserted lien, provided Homeowner has furnished a bond or other acceptable surety in an amount sufficient to release the Leased Land from such lien. Any amounts paid by CLT to discharge such liens shall be treated as an additional Lease Fee payable by Homeowner upon demand.

**7.5 HOMEOWNER IS RESPONSIBLE FOR SERVICES, MAINTENANCE AND REPAIRS:** Homeowner hereby assumes responsibility for furnishing all services or facilities on the Leased Land, including but not limited to heat, electricity, air conditioning and water. CLT shall not be required to furnish any services or facilities or to make any repairs to the Home. Homeowner shall maintain the Home and Leased Land as required by Section 4.2 above and shall see that all necessary repairs and replacements are accomplished when needed.

**7.6 A HOME REPAIR AND REPLACEMENT RESERVE FUND IS ESTABLISHED TO SUPPORT FUTURE REPAIRS:** A Monthly Home Repair and Replacement Reserve Fund is established at the commencement of this Lease and will be funded by the monthly Home Repair and Replacement Reserve Fund stipulated in Section 5.1 and collected by CLT. At its discretion, CLT may, from time to time, add funds to this Home Repair and Replacement Reserve Fund.

The Homeowner and CLT acknowledge that the Homeowner is responsible for all maintenance and repair of the Home, as set forth in this Lease. As an additional assurance that all Homeowners are able to comply with their maintenance and repair obligations, the CLT and the Homeowner agree that a Home Repair and Replacement Reserve Fee will be collected from the Homeowner as part of the Monthly Fee, and held as a reserve by the CLT for the capital maintenance of specific portions of the Home.

- a. **Release of Funds:** Policies and procedures for the use of Home Repair and Replacement Reserves are specified in Exhibit J: HOME REPAIR AND REPLACEMENT RESERVES. The CLT may reasonably withhold Home Repair and Replacement Reserve funds if the requested use is for purely aesthetic exterior alterations (such as a change in paint color when existing paint is still in good condition) or to repair items damaged by neglect.
- b. **Reserve Funds are Nonrefundable:** The Home Repair and Replacement Reserves are explicitly the property of the CLT, but may only be used for the capital maintenance of the Property. The Homeowner acknowledges that the Home Repair and Replacement Reserves are intended for, and shall remain with the Home and not the Homeowner. In the event that the Home is sold or transferred by the Homeowner, the unused Home

Repair and Replacement Reserves will be retained by the CLT for the future capital repairs or replacements of the Home.

- c. **Costs in Excess of Reserves:** Any capital costs that exceed the amount of available Home Repair and Replacement Reserves will be borne by the Homeowner.
- d. **Yearly Report upon Request:** No later than September 30<sup>th</sup> of each year, the CLT will make available, upon the Homeowner's request, a detailed report of Home Repair and Replacement Reserve transactions for the prior fiscal year.

#### 7.7 WHEN LEASE ENDS, OWNERSHIP REVERTS TO CLT, WHICH SHALL REIMBURSE HOMEOWNER:

Upon the expiration or termination of this Lease, ownership of the Home shall revert to CLT. Upon thus assuming title to the Home, CLT shall promptly pay Homeowner and Permitted Mortgagee(s), as follows:

FIRST, CLT shall pay any Permitted Mortgagee(s) the full amount owed to such mortgagee(s) by Homeowner;

SECOND, CLT shall pay the Homeowner the balance of the Purchase Option Price calculated in accordance with Article 10 below, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the CLT under the terms of this Lease. The Homeowner shall be responsible for any costs necessary to clear any additional liens or other charges related to the Home that may be assessed against the Home. If the Homeowner fails to clear such liens or charges, the balance due the Homeowner shall also be reduced by the amount necessary to release such liens or charges, including reasonable attorney's fees incurred by the CLT.

### ARTICLE 8: Financing

8.1 HOMEOWNER CANNOT MORTGAGE THE HOME WITHOUT CLT'S PERMISSION: The Homeowner may mortgage the Home only with the written permission of CLT. Any mortgage or deed of trust permitted in writing by the CLT is defined as a Permitted Mortgage, and the holder of such a mortgage or deed of trust is defined as a Permitted Mortgagee.

8.2 BY SIGNING LEASE, CLT GIVES PERMISSION FOR ORIGINAL MORTGAGE. By signing this Lease, CLT gives written permission for any mortgage or deed of trust signed by the Homeowner effective on the day this Lease is signed for the purpose of financing Homeowner's purchase of the Home.

#### 8.3 CLT MUST GET SPECIFIC PERMISSION FOR REFINANCING OR OTHER SUBSEQUENT MORTGAGES.

If, at any time subsequent to the purchase of the Home and signing of the Lease, the Homeowner seeks a loan that is to be secured by a mortgage on the Home (to refinance an existing Permitted Mortgage or to finance home repairs or for any other purpose), Homeowner must inform CLT, in writing, of the proposed terms and conditions of such mortgage loan at least 30 days prior to the expected closing of the loan. The information to be provided to the CLT must include:

- a) the name of the proposed lender;
- b) Homeowner's reason for requesting the loan;
- c) the principal amount of the proposed loan and the total mortgage debt that will result from the combination of the loan and existing mortgage debt, if any;
- d) expected closing costs;
- e) the rate of interest;
- f) the repayment schedule;
- g) a copy of the appraisal commissioned in connection with the loan request.



CLT may also require Homeowner to submit additional information. CLT will not permit such a mortgage loan if the loan increases Homeowner's total mortgage debt to an amount greater than 80% of the then current Purchase Option Price, calculated in accordance with Article 10 below, or if the terms of the transaction otherwise threaten the interests of either the Homeowner or the CLT.

8.4 CLT IS REQUIRED TO PERMIT A "STANDARD PERMITTED MORTGAGE." The CLT shall be required to permit any mortgage for which the mortgagee has signed a "Standard Permitted Mortgage Agreement" as set forth in "Exhibit E: Permitted Mortgages, Part C," and for which the loan secured thereby does not increase Homeowner's total mortgage debt to an amount greater than TBD % of the then current Purchase Option Price, calculated in accordance with Article 10 below.

8.5 A PERMITTED MORTGAGEE HAS CERTAIN OBLIGATIONS UNDER THE LEASE. Any Permitted Mortgagee shall be bound by each of the requirements stated in "Exhibit E: Permitted Mortgages, Part A, Obligations of Permitted Mortgagee," which is made a part of this Lease by reference, unless the particular requirement is removed, contradicted or modified by a Rider to this Lease signed by the Homeowner and the CLT to modify the terms of the Lease during the term of the Permitted Mortgage.

8.6 A PERMITTED MORTGAGEE HAS CERTAIN RIGHTS UNDER THE LEASE. Any Permitted Mortgagee shall have all of the rights and protections stated in "Exhibit E: Permitted Mortgages, Part B, Rights of Permitted Mortgagee," which is made a part of this Lease by reference.

8.7 IN THE EVENT OF FORECLOSURE, ANY PROCEEDS IN EXCESS OF THE PURCHASE OPTION PRICE WILL GO TO CLT. Homeowner and CLT recognize that it would be contrary to the purposes of this agreement if Homeowner could receive more than the Purchase Option Price as the result of the foreclosure of a mortgage. Therefore, Homeowner hereby irrevocably assigns to CLT all net proceeds of sale of the Home that would otherwise have been payable to Homeowner and that exceed the amount of net proceeds that Homeowner would have received if the property had been sold for the Purchase Option Price, calculated as described in Section 10.10 below. Homeowner authorizes and instructs the Permitted Mortgagee, or any party conducting any sale, to pay such excess amount directly to CLT. If, for any reason, such excess amount is paid to Homeowner, Homeowner hereby agrees to promptly pay such amount to CLT.

#### **ARTICLE 9: Liability, Insurance, Damage and Destruction, Eminent Domain**

9.1 HOMEOWNER ASSUMES ALL LIABILITY. Homeowner assumes all responsibility and liability related to Homeowner's possession, occupancy and use of the Leased Land.

9.2 HOMEOWNER MUST DEFEND CLT AGAINST ALL CLAIMS OF LIABILITY. Homeowner shall defend, indemnify and hold CLT harmless against all liability and claims of liability for injury or damage to person or property from any cause on or about the Leased Land. Homeowner waives all claims against CLT for injury or damage on or about the Leased Land. However, CLT shall remain liable for injury or damage due to the grossly negligent or intentional acts or omissions of CLT or CLT's agents or employees.

9.3 HOMEOWNER MUST REIMBURSE CLT. In the event the CLT shall be required to pay any sum that is the Homeowner's responsibility or liability, the Homeowner shall reimburse the CLT for such payment and for reasonable expenses caused thereby.

9.4 HOMEOWNER MUST INSURE THE HOME AGAINST LOSS AND MUST MAINTAIN LIABILITY INSURANCE ON HOME AND LEASED LAND. Homeowner shall, at Homeowner's expense, keep the

Home continuously insured against physical loss on a “special form” using Insurance Services Office (ISO) Form HO 00 03, or its equivalent, for the full replacement value of the Home, and in any event in an amount that will not incur a coinsurance penalty. The amount of such insured replacement value must be approved by the CLT prior to the commencement of the Lease. Thereafter, if the CLT determines that the replacement value to be insured should be increased, the CLT shall inform the Homeowner of such required increase at least 30 days prior to the next date on which the insurance policy is to be renewed, and the Homeowner shall assure that the renewal includes such change. If Homeowner wishes to decrease the amount of replacement value to be insured, Homeowner shall inform the CLT of the proposed change at least 30 days prior to the time such change would take effect. The change shall not take effect without CLT’s approval.

Should the Home lie in a flood hazard zone as defined by the National Flood Insurance Plan, the Homeowner shall keep in full force and effect flood insurance in the maximum amount available.

The Homeowner shall also, at its sole expense, maintain in full force and effect personal liability insurance covering the Home and the Leased Land using ISO Form HO 00 03 or its equivalent in the amount of five hundred thousand dollars (\$500,000) per occurrence and in the aggregate. The CLT shall be named as an additional insured using ISO Form HO 04 41 or its equivalent, and certificates of insurance shall be delivered to the CLT prior to the commencement of the Lease and at each anniversary date thereof.

The dollar amounts of such coverage may be increased from time to time at the CLT’s request but not more often than once in any one-year period. CLT shall inform the Homeowner of such required increase in coverage at least 30 days prior to the next date on which the insurance policy is to be renewed, and the Homeowner shall assure that the renewal includes such change. The amount of such increase in coverage shall be based on current trends in homeowner’s liability insurance coverage in the area in which the Home is located.

**9.5 WHAT HAPPENS IF HOME IS DAMAGED OR DESTROYED.** Except as provided below, in the event of fire or other damage to the Home, Homeowner shall take all steps necessary to assure the repair of such damage and the restoration of the Home to its condition immediately prior to the damage. All such repairs and restoration shall be completed as promptly as possible. Homeowner shall also promptly take all steps necessary to assure that the Leased Land is safe and that the damaged Home does not constitute a danger to persons or property.

If Homeowner, based on professional estimates, determines either (a) that full repair and restoration is physically impossible, or (b) that the available insurance proceeds will pay for less than the full cost of necessary repairs and that Homeowner cannot otherwise afford to cover the balance of the cost of repairs, then Homeowner shall notify CLT of this problem, and CLT may then help to resolve the problem. Methods used to resolve the problem may include efforts to increase the available insurance proceeds, efforts to reduce the cost of necessary repairs, efforts to arrange affordable financing covering the costs of repair not covered by insurance proceeds, and any other methods agreed upon by both Homeowner and CLT.

If Homeowner and CLT cannot agree on a way of restoring the Home in the absence of adequate insurance proceeds, then Homeowner may give CLT written notice of intent to terminate the Lease.

The date of actual termination shall be no less than 60 days after the date of Homeowner's notice of intent to terminate. Upon termination, any insurance proceeds payable to Homeowner for damage to the Home shall be paid as follows.

FIRST, to the expenses of their collection;

SECOND, to any Permitted Mortgagee(s), to the extent required by the Permitted Mortgage(s);

THIRD, to the expenses of enclosing or razing the remains of the Home and clearing debris;

FOURTH, to the CLT for any amounts owed under this Lease;

FIFTH, to the Homeowner, up to an amount equal to the Purchase Option Price, as of the day prior to the loss, less any amounts paid with respect to the second, third, and fourth clauses above;

SIXTH, the balance, if any, to the CLT.

**9.6 WHAT HAPPENS IF SOME OR ALL OF THE LAND IS TAKEN FOR PUBLIC USE.** If all of the Leased Land is taken by eminent domain or otherwise for public purposes, or if so much of the Leased Land is taken that the Home is lost or damaged beyond repair, the Lease shall terminate as of the date when Homeowner is required to give up possession of the Leased Land. Upon such termination, the entire amount of any award(s) paid shall be allocated in the way described in Section 9.5 above for insurance proceeds.

In the event of a taking of a portion of the Leased Land that does not result in damage to the Home or significant reduction in the usefulness or desirability of the Leased Land for residential purposes, then any monetary compensation for such taking shall be allocated entirely to CLT.

In the event of a taking of a portion of the Leased Land that results in damage to the Home only to such an extent that the Home can reasonably be restored to a residential use consistent with this Lease, then the damage shall be treated as damage is treated in Section 9.5 above, and monetary compensation shall be allocated as insurance proceeds are to be allocated under Section 9.5.

**9.7 IF PART OF THE LAND IS TAKEN, THE LEASE FEE MAY BE REDUCED.** In the event of any taking that reduces the size of the Leased Land but does not result in the termination of the Lease, CLT shall reassess the fair rental value of the remaining Land and shall adjust the Lease Fee if necessary to assure that the monthly fee does not exceed the monthly fair rental value of the Land for use as restricted by the Lease.

**9.8 IF LEASE IS TERMINATED BY DAMAGE, DESTRUCTION OR TAKING, CLT WILL TRY TO HELP HOMEOWNER BUY ANOTHER CLT HOME.** If this Lease is terminated as a result of damage, destruction or taking, CLT shall take reasonable steps to allow Homeowner to purchase another home on another parcel of leased land owned by CLT if such home can reasonably be made available. If Homeowner purchases such a home, Homeowner agrees to apply any proceeds or award received by Homeowner to the purchase of the home. Homeowner understands that there are numerous reasons why it may not be possible to make such a home available, and shall have no claim against CLT if such a home is not made available.

#### **ARTICLE 10: Transfer of the Home**

**10.1 INTENT OF THIS ARTICLE IS TO PRESERVE AFFORDABILITY:** Homeowner and CLT agree that the provisions of this Article 10 are intended to preserve the affordability of the Home for lower income households and expand access to homeownership opportunities for such households.

**10.2 HOMEOWNER MAY TRANSFER HOME ONLY TO CLT OR QUALIFIED PERSONS:** Homeowner may transfer the Home only to the CLT or an Income-Qualified Person as defined below or otherwise only as explicitly permitted by the provisions of this Article 10. All such transfers are to be completed only in strict compliance with this Article 10. Any purported transfer that does not follow the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void.

“Income-Qualified Person” shall mean a person or group of persons whose household income does not exceed one hundred twenty percent (120%) of the median household income for the applicable Standard Metropolitan Statistical Area or County as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development (HUD) or any successor.

**10.3 THE HOME MAY BE TRANSFERRED TO CERTAIN HEIRS OF HOMEOWNER:** If Homeowner dies (or if the last surviving co-owner of the Home dies), the executor or personal representative of Homeowner’s estate shall notify CLT within ninety (90) days of the date of the death. Upon receiving such notice CLT shall consent to a transfer of the Home and Homeowner’s rights to the Leased Land to one or more of the possible heirs of Homeowner listed below as “a,” “b,” or “c,” provided that a Letter of Agreement and a Letter of Attorney’s Acknowledgement (as described in Article 1 above) are submitted to CLT to be attached to the Lease when it is transferred to the heirs.

- a) the spouse of the Homeowner; or
- b) the child or children of the Homeowner; or
- c) member(s) of the Homeowner’s household who have resided in the Home for at least one year immediately prior to Homeowner’s death.

Any other heirs, legatees or devisees of Homeowner, in addition to submitting Letters of Agreement and Acknowledgment as provided above, must demonstrate to CLT’s satisfaction that they are Income-Qualified Persons as defined above. If they cannot demonstrate that they are Income-Qualified Persons, they shall not be entitled to possession of the Home but must transfer the Home in accordance with the provisions of this Article 10.

**10.4 HOMEOWNER’S NOTICE OF INTENT TO SELL:** In the event that Homeowner wishes to sell Homeowner’s Property, Homeowner shall notify CLT in writing of such wish (the Intent-to-Sell Notice).

**10.5 AFTER RECEIVING NOTICE, CLT SHALL COMMISSION AN APPRAISAL:** No later than ten (10) days after CLT’s receipt of Homeowner’s Intent-to-Sell Notice, CLT shall commission a market valuation of the Leased Land and the Home (The Appraisal) to be performed by a duly licensed appraiser who is acceptable to CLT and Homeowner. CLT shall pay the cost of such Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties as though title to Leased Land and Home were held in fee simple absolute by a single party, disregarding all of the restrictions of this Lease on the use, occupancy and transfer of the property. Copies of the Appraisal are to be provided to both CLT and Homeowner.

**10.6 CLT HAS AN OPTION TO PURCHASE THE HOME.** Upon receipt of an Intent-to-Sell Notice from Homeowner, CLT shall have the option to purchase the Home at the Purchase Option Price calculated as set forth below. The Purchase Option is designed to further the purpose of preserving the affordability of the Home for succeeding Income-Qualified Persons while taking fair account of the investment by the Homeowner.



If CLT elects to purchase the Home, CLT shall exercise the Purchase Option by notifying Homeowner, in writing, of such election (the Notice of Exercise of Option) within forty-five (45) days of the receipt of the Appraisal, or the Option shall expire. Having given such notice, CLT may either proceed to purchase the Home directly or may assign the Purchase Option to an Income-Qualified Person.

The purchase (by CLT or CLT's assignee) must be completed within sixty (60) days of CLT's Notice of Exercise of Option, or Homeowner may sell the Home and Homeowner's rights to the Leased Land as provided in Section 10.7 below. The time permitted for the completion of the purchase may be extended by mutual agreement of CLT and Homeowner.

**10.7 IF PURCHASE OPTION EXPIRES, HOMEOWNER MAY SELL ON CERTAIN TERMS:** If the Purchase Option has expired or if CLT has failed to complete the purchase within the sixty-day period allowed by Section 10.6 above, Homeowner may sell the Home to any Income-Qualified Person for not more than the then applicable Purchase Option Price. If Homeowner has made diligent efforts to sell the Home for at least six months after the expiration of the Purchase Option (or six months after the expiration of such sixty-day period) and the Home still has not been sold, Homeowner may then sell the Home, for a price no greater than the then applicable Purchase Option Price, to any party regardless of whether that party is an Income-Qualified Person.

**10.8 AFTER ONE YEAR CLT SHALL HAVE POWER OF ATTORNEY TO CONDUCT SALE:** If CLT does not exercise its option and complete the purchase of Homeowner's Property as described above, and if Homeowner (a) is not then residing in the Home and (b) continues to hold Homeowner's Property out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one year of the date of the Intent to Sell Notice, Homeowner does hereby appoint CLT its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the purposes of this Lease, sell the property, and pay to the Homeowner the proceeds of sale, minus CLT's costs of sale and any other sums owed CLT by Homeowner.

**10.9 PURCHASE OPTION PRICE EQUALS LESSER OF APPRAISED VALUE OR FORMULA PRICE:** In no event may the Home be sold for a price that exceeds the Purchase Option Price. The Purchase Option Price shall be the lesser of (a) the value of the combined value of the Leased Land and the Home, as determined by the Appraisal commissioned and conducted as provided in 10.5 above or (b) the price calculated in accordance with the formula described below (the Formula Price).

**10.10 HOW THE FORMULA PRICE IS CALCULATED:** The Formula Price shall be equal to Homeowner's Base Price, as stated below, plus 25% of the increase in market value of the Home, if any, calculated in the way described below.

*Homeowner's Base Price:* The parties agree that the Homeowner's Base Price for Homeowner's Property as of the signing of this Lease is \$\_\_\_\_\_.

*Initial Appraised Value:* The parties agree that the appraised value of the Home at the time of Homeowner's purchase (the Initial Appraised Value) is \$\_\_\_\_\_, as documented by the appraiser's report attached to this Lease as Exhibit H: INITIAL APPRAISAL.

*Increase in Market Value:* The increase in market value of the Home equals the appraised value of the Home at time of sale, calculated according to Section 10.5 above, minus the Initial Appraised Value.

*Homeowner’s share of Increase in Market Value:* Homeowner’s share of the increase in the market value of the Home equals twenty-five percent (25%) of the increase in market value as calculated above.

*Summary of Formula Price:* The Formula Price equals Homeowner’s Base Price plus Homeowner’s Share of Increase in Market Value.

The following chart illustrates how this calculation is to be completed:

<b>Initial Purchase</b>	
Homeowner’s Base Price – at time of purchase	\$
Initial appraised value of home	\$

<b>Increase in Market Value of Home</b>	
Appraised value of home at time of resale	\$
Minus initial appraised value of home	(\$ )
Equals increase in market value of home	= \$

<b>Homeowner’s Share of Increase in Market Value</b>	
Increase in market value of home	\$
Times homeowner’s share	x 25%
Equals homeowner’s share of increase in market value of home	= \$

<b>Formula Price</b>	
Homeowner’s Base Price	\$
Plus Homeowner’s share of increase in market value of home	+ \$
Formula Price	= \$

**10.11 QUALIFIED PURCHASER SHALL RECEIVE NEW LEASE:** The CLT shall issue a new lease to any person who purchases the Home in accordance with the terms of this Article 10. The terms of such lease shall be the same as those of new leases issued to homebuyers at that time for land not previously leased by the CLT.

**10.12 PURCHASER MAY BE CHARGED A TRANSFER FEE.** In the event that Homeowner sells the home to a party other than the CLT (whether directly to such party or as a result of CLT’s assignment of its Purchase Option to such party), the price to be paid by such purchaser shall include in addition to the Purchase Option Price, at the discretion of the CLT, a transfer fee to compensate the CLT for carrying out its responsibilities with regard to the transaction. The amount of the transfer fee shall be the lesser of two percent (2%) of the Purchase Option Price or three thousand dollars (\$3,000.00)

**10.13 HOMEOWNER REQUIRED TO MAKE NECESSARY REPAIRS AT TRANSFER:** The Homeowner is required to make necessary repairs when she voluntarily transfers the Home as follows:

- a) The person purchasing the Home (“Buyer”) shall, prior to purchasing the Home, hire at her sole expense a home inspector with a current Home Inspector license to assess the condition of the Home and prepare a written report of the condition (“Inspection Report”). The Homeowner shall cooperate fully with the inspection.



- b) The Buyer shall provide a copy of the Inspection Report to Buyer's lender (if any), the Homeowner, and the CLT within 10 days after receiving the Inspection Report.
- c) Homeowner shall repair specific reported defects or conditions necessary to bring the Home into full compliance with Sections 4.2 and 7.5 above prior to transferring the Home.
- d) Homeowner shall bear the full cost of the necessary repairs and replacements. However, upon Homeowner's written request, the CLT may allow the Homeowner to pay all or a portion of the repair costs after transfer, from Homeowner's proceeds of sale, if Homeowner cannot afford to pay such costs prior to the transfer. In such event, either (i) 150% of the unpaid estimated cost of repairs or (ii) 100% of the unpaid cost of completed repairs shall be withheld from Homeowner's proceeds of sale in a CLT-approved escrow account. Homeowner shall allow CLT, Buyer, and Buyer's building inspector and lender's representative to inspect the repairs prior to closing to determine that the repairs have been satisfactorily completed.
- e) Upon sale or other transfer, Homeowner shall either (i) transfer the Home with all originally purchased appliances or replacements in the Home in good working order or (ii) reduce the Purchase Option Price by the market value of any such appliances that are not left with the Home in good working order.

#### **ARTICLE 11: RESERVED**

#### **ARTICLE 12: DEFAULT**

**12.1 WHAT HAPPENS IF HOMEOWNER FAILS TO MAKE PAYMENTS TO THE CLT THAT ARE REQUIRED BY THE LEASE:** It shall be an event of default if Homeowner fails to pay the Lease Fee or other charges required by the terms of this Lease and such failure is not cured by Homeowner or a Permitted Mortgagee within thirty (30) days after notice of such failure is given by CLT to Homeowner and Permitted Mortgagee. However, if Homeowner makes a good faith partial payment of at least two-thirds (2/3) of the amount owed during the 30-day cure period, then the cure period shall be extended by an additional 30 days.

**12.2 WHAT HAPPENS IF HOMEOWNER VIOLATES OTHER (NONMONETARY) TERMS OF THE LEASE:** It shall be an event of default if Homeowner fails to abide by any other requirement or restriction stated in this Lease, and such failure is not cured by Homeowner or a Permitted Mortgagee within sixty (60) days after notice of such failure is given by CLT to Homeowner and Permitted Mortgagee. However, if Homeowner or Permitted Mortgagee has begun to cure such default within the 60-day cure period and is continuing such cure with due diligence but cannot complete the cure within the 60-day cure period, the cure period shall be extended for as much additional time as may be reasonably required to complete the cure.

**12.3 WHAT HAPPENS IF HOMEOWNER DEFAULTS AS A RESULT OF JUDICIAL PROCESS:** It shall be an event of default if the estate hereby created is taken on execution or by other process of law, or if Homeowner is judicially declared bankrupt or insolvent according to law, or if any assignment is made of the property of Homeowner for the benefit of creditors, or if a receiver, trustee in involuntary bankruptcy or other similar officer is appointed to take charge of any substantial part of the Home or Homeowner's interest in the Leased Land by a court of competent jurisdiction, or if a petition is filed for the reorganization of Homeowner under any provisions of the Bankruptcy Act now or hereafter enacted, or if Homeowner files a petition for such reorganization, or for

arrangements under any provision of the Bankruptcy Act now or hereafter enacted and providing a plan for a debtor to settle, satisfy or extend the time for payment of debts.

**12.4 A DEFAULT (UNCURED VIOLATION) GIVES CLT THE RIGHT TO TERMINATE THE LEASE OR EXERCISE ITS PURCHASE OPTION:**

a) **TERMINATION:** In the case of any of the events of default described above, CLT may terminate this lease and initiate summary proceedings under applicable law against Homeowner, and CLT shall have all the rights and remedies consistent with such laws and resulting court orders to enter the Leased Land and Home and repossess the entire Leased Land and Home, and expel Homeowner and those claiming rights through Homeowner. In addition, CLT shall have such additional rights and remedies to recover from Homeowner arrears of rent and damages from any preceding breach of any covenant of this Lease. If this Lease is terminated by CLT pursuant to an Event of Default, then, as provided in Section 7.7 above, upon thus assuming title to the Home, CLT shall pay to Homeowner and any Permitted Mortgagee an amount equal to the Purchase Option Price calculated in accordance with Section 10.9 above, as of the time of reversion of ownership, less the total amount of any unpaid Lease Fee and any other amounts owed to the CLT under the terms of this Lease and all reasonable costs (including reasonable attorneys' fees) incurred by CLT in pursuit of its remedies under this Lease.

If CLT elects to terminate the Lease, then the Permitted Mortgagee shall have the right (subject to Article 8 above and the attached Exhibit E: Permitted Mortgages) to postpone and extend the specified date for the termination of the Lease for a period sufficient to enable the Permitted Mortgagee or its designee to acquire Homeowner's interest in the Home and the Leased Land by foreclosure of its mortgage or otherwise.

b) **EXERCISE OF OPTION:** In the case of any of the events of default described above, Homeowner hereby grants to the CLT (or its assignee) the option to purchase the Home for the Purchase Option Price as such price is defined in Article 10 above. Within thirty (30) days after the expiration of any applicable cure period as established in Sections 12.1 or 12.2 above or within 30 days after any of the events constituting an Event of Default under Section 12.3 above, CLT shall notify the Homeowner and the Permitted Mortgagee(s) of its decision to exercise its option to purchase under this Section 12.4(b). Not later than ninety (90) days after the CLT gives notice to the Homeowner of the CLT's intent to exercise its option under this Section 12.4(a), the CLT or its assignee shall purchase the Home for the Purchase Option Price.

**12.5 WHAT HAPPENS IF CLT DEFAULTS:** CLT shall in no event be in default in the performance of any of its obligations under the Lease unless and until CLT has failed to perform such obligations within sixty (60) days, or such additional time as is reasonably required to correct any default, after notice by Homeowner to CLT properly specifying CLT's failure to perform any such obligation.

**ARTICLE 13: Mediation and Arbitration**

**13.1 MEDIATION AND ARBITRATION ARE PERMITTED:** Nothing in this Lease shall be construed as preventing the parties from utilizing any process of mediation or arbitration in which the parties agree to engage for the purpose of resolving a dispute.

13.2 HOMEOWNER AND CLT SHALL SHARE COST OF ANY MEDIATION OR ARBITRATION: Homeowner and CLT shall each pay one half (50%) of any costs incurred in carrying out mediation or arbitration in which the parties have agreed to engage.

**ARTICLE 14: GENERAL PROVISIONS**

14.1 NOTICES: Whenever this Lease requires either party to give notice to the other, the notice shall be given in writing and delivered in person or mailed, by certified or registered mail, return receipt requested, to the party at the address set forth below, or such other address designated by like written notice:

If to CLT: Sitka Community Development Corporation, P.O. Box 6461, Sitka Alaska 99835

If to Homeowner: \_\_\_\_\_ (name of Homeowner)

All notices, demands and requests shall be effective upon being deposited in the United States Mail or, in the case of personal delivery, upon actual receipt.

14.2 NO BROKERAGE: Homeowner warrants that it has not dealt with any real estate broker other than \_\_\_\_\_ in connection with the purchase of the Home. If any claim is made against CLT regarding dealings with brokers other than \_\_\_\_\_, Homeowner shall defend CLT against such claim with counsel of CLT’s selection and shall reimburse CLT for any loss, cost or damage which may result from such claim.

14.3 SEVERABILITY AND DURATION OF LEASE: If any part of this Lease is unenforceable or invalid, such material shall be read out of this Lease and shall not affect the validity of any other part of this Lease or give rise to any cause of action of Homeowner or CLT against the other, and the remainder of this Lease shall be valid and enforced to the fullest extent permitted by law. It is the intention of the parties that CLT’s option to purchase and all other rights of both parties under this Lease shall continue in effect for the full term of this Lease and any renewal thereof, and shall be considered to be coupled with an interest. In the event any such option or right shall be construed to be subject to any rule of law limiting the duration of such option or right, the time period for the exercising of such option or right shall be construed to expire twenty (20) years after the death of the last survivor of the following persons: the children of any employee of the City and Borough of Sitka living as of the date of this Lease.

14.4 RIGHT OF FIRST REFUSAL IN LIEU OF OPTION: If the provisions of the purchase option set forth in Article 10 of this Lease shall, for any reason, become unenforceable, CLT shall nevertheless have a right of first refusal to purchase the Home at the highest documented bona fide purchase price offer made to Homeowner. Such right shall be as specified in Exhibit F: FIRST REFUSAL. Any sale or transfer contrary to this Section, when applicable, shall be null and void.

14.5 WAIVER: The waiver by CLT at any time of any requirement or restriction in this Lease, or the failure of CLT to take action with respect to any breach of any such requirement or restriction, shall not be deemed to be a waiver of such requirement or restriction with regard to any subsequent breach of such requirement or restriction, or of any other requirement or restriction in the Lease. CLT may grant waivers in the terms of this Lease, but such waivers must be in writing and signed by CLT before being effective.

The subsequent acceptance of Lease Fee payments by CLT shall not be deemed to be a waiver of any preceding breach by Homeowner of any requirement or restriction in this Lease, other than the

failure of the Homeowner to pay the particular Lease Fee so accepted, regardless of CLT’s knowledge of such preceding breach at the time of acceptance of such Lease Fee payment.

14.6 CLT’S RIGHT TO PROSECUTE OR DEFEND: CLT shall have the right, but shall have no obligation, to prosecute or defend, in its own or the Homeowner’s name, any actions or proceedings appropriate to the protection of its own or Homeowner’s interest in the Leased Land. Whenever requested by CLT, Homeowner shall give CLT all reasonable aid in any such action or proceeding.

14.7 CONSTRUCTION: Whenever in this Lease a pronoun is used it shall be construed to represent either the singular or the plural, masculine or feminine, as the case shall demand.

14.8 HEADINGS AND TABLE OF CONTENTS: The headings, subheadings and table of contents appearing in this Lease are for convenience only, and are not a part of this Lease and do not in any way limit or amplify the terms or conditions of this Lease.

14.9 PARTIES BOUND: This Lease sets forth the entire agreement between CLT and Homeowner with respect to the leasing of the Land; it is binding upon and inures to the benefit of these parties and, in accordance with the provisions of this Lease, their respective successors in interest. This Lease may be altered or amended only by written notice executed by CLT and Homeowner or their legal representatives or, in accordance with the provisions of this Lease, their successors in interest.

14.10 GOVERNING LAW: This Lease shall be interpreted in accordance with and governed by the laws of the State of Alaska. The language in all parts of this Lease shall be, in all cases, construed according to its fair meaning and not strictly for or against CLT or Homeowner.

14.11 RECORDING: The parties agree, as an alternative to the recording of this Lease, to execute a so-called Notice of Lease or Short Form Lease in form recordable and complying with applicable law and reasonably satisfactory to CLT’s attorneys. In no event shall such document state the rent or other charges payable by Homeowner under this Lease; and any such document shall expressly state that it is executed pursuant to the provisions contained in this Lease, and is not intended to vary the terms and conditions of this Lease

IN WITNESS WHEREOF, the parties have executed this lease at \_\_\_\_\_ on the day and year first above written.

Sitka Community Development Corporation

\_\_\_\_\_  
Witness

By: \_\_\_\_\_  
Its duly authorized agent

\_\_\_\_\_ (Homeowner):

\_\_\_\_\_  
Witness

**[notarize signatures]**



## Exhibit A: LETTER OF AGREEMENT

To: Sitka Community Development Corporation (“the CLT”)

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

This letter is given to the CLT to become an exhibit to a Lease between the CLT and me. I will be leasing a parcel of land from the CLT and will be buying the home that sits on that parcel of land. I will therefore become what is described in the Lease as a “the Homeowner.”

I have reviewed the terms and conditions of the Lease and other legal documents that are part of this transaction and have had the opportunity to have my legal counsel, if any, review the same.

I understand the way these terms and conditions will affect my rights as a CLT homeowner, now and in the future.

In particular I understand and agree with the following points.

- One of the goals of the CLT is to keep CLT homes affordable for lower income households from one CLT homeowner to the next. I support this goal as a CLT homeowner and as a member of the CLT.
- The terms and conditions of my Lease will keep my home affordable for future “income-qualified persons” (as defined in the Lease). If and when I want to sell my home, the lease requires that I sell it either to the CLT or to another income-qualified person. The terms and conditions of the lease also limit the price for which I can sell the home, in order to keep it affordable for such income-qualified persons.
- It is also a goal of the CLT to promote resident ownership of CLT homes. For this reason, my Lease requires that, if my family and I move out of our home permanently, we must sell it. We cannot continue to own it as absentee owners.
- I understand that I can leave my home to my child or children or other members of my household and that, after my death, they can own the home for as long as they want to live in it and abide by the terms of the Lease, or they can sell it on the terms permitted by the Lease.
- As a CLT homeowner and a member of the CLT, it is my desire to see the terms of the Lease and related documents honored. I consider these terms fair to others and me.

Sincerely



## Exhibit B: LETTER OF ATTORNEYS ACKNOWLEDGMENT

I, \_\_\_\_\_, have been independently employed by \_\_\_\_\_ (hereinafter "the Client") who intends to purchase a house and other Home (the "Home") on land to be leased from Community Land Trust. The house and land are located at \_\_\_\_\_.

In connection with the contemplated purchase of the Home and the leasing of the land, I reviewed with the Client the following documents:

- a) this Letter of Attorney's Acknowledgment and a Letter of Agreement from the Client;
- b) a proposed Deed conveying the Home to the Client;
- c) a proposed Ground Lease conveying the "Leased Land" to the Client;
- d) other written materials provided by the CLT.

The Client has received full and complete information and advice regarding this conveyance and the foregoing documents. In my review of these documents my purpose has been to reasonably inform the Client of the present and foreseeable risks and legal consequences of the contemplated transaction.

The Client is entering the aforesaid transaction in reliance on her own judgment and upon her investigation of the facts. The advice and information provided by me was an integral element of such investigation.

Name

Date

Title

Firm/Address

## **Exhibit C: LAND**

*Correct legal description of area of Leased Land and appurtenant title rights and obligations*

## **Exhibit D: DEED**

*Use actual deed*

## Exhibit E: PERMITTED MORTGAGES

The rights and provisions set forth in this Exhibit shall be understood to be provisions of Section 8.2 of the Lease. All terminology used in this Exhibit shall have the meaning assigned to it in the Lease.

**A. OBLIGATIONS OF PERMITTED MORTGAGEE.** Any Permitted Mortgagee shall be bound by each of the following requirements unless the particular requirement is removed, contradicted or modified by a rider to this Lease signed by the Homeowner and the CLT to modify the terms of the Lease during the term of the Permitted Mortgage.

1. If Permitted Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Permitted Mortgage, the Permitted Mortgagee shall, at the same time, send a copy of that notice to the CLT. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the “cure period”), the CLT shall have the right to cure the default on the Homeowner’s behalf, provided that all current payments due the Permitted Mortgagee since the notice of default was given are made to the Permitted Mortgagee.

2. If, after the cure period has expired, the Permitted Mortgagee intends to accelerate the note secured by the Permitted Mortgage or begin foreclosure proceedings under the Permitted Mortgage, the Permitted Mortgagee shall first notify CLT of its intention to do so, and CLT shall then have the right, upon notifying the Permitted Mortgagee within thirty (30) days of receipt of such notice, to acquire the Permitted Mortgage by paying off the debt secured by the Permitted Mortgage.

3. If the Permitted Mortgagee acquires title to the Home through foreclosure or acceptance of a deed in lieu of foreclosure, the Permitted Mortgagee shall give CLT written notice of such acquisition and CLT shall then have an option to purchase the Home from the Permitted Mortgagee for the full amount owing to the Permitted Mortgagee under the Permitted Mortgage. To exercise this option to purchase, CLT must give written notice to the Permitted Mortgagee of CLT’s intent to purchase the Home within thirty (30) days following CLT’s receipt of the Permitted Mortgagee’s notice. CLT must then complete the purchase of the Home within sixty (60) days of having given written notice of its intent to purchase. If CLT does not complete the purchase within this 60-day period, the Permitted Mortgagee shall be free to sell the Home to another person.

4. Nothing in the Permitted Mortgage or related documents shall be construed as giving Permitted Mortgagee a claim on CLT’s interest in the Leased Land, or as assigning any form of liability to the CLT with regard to the Leased Land, the Home, or the Permitted Mortgage.

5. Nothing in the Permitted Mortgage or related documents shall be construed as rendering CLT or any subsequent Mortgagee of CLT’s interest in this Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt secured by the Permitted Mortgage or any part thereof.

6. The Permitted Mortgagee shall not look to CLT or CLT’s interest in the Leased Land, but will look solely to Homeowner, Homeowner’s interest in the Leased Land, and the Home for the payment of the debt secured thereby or any part thereof. (It is the intention of the parties hereto that CLT’s consent to such the Permitted Mortgage shall be without any liability on the part of CLT for any deficiency judgment.)

7. In the event any part of the Security is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Permitted Mortgagee in accordance with the provisions of ARTICLE 9 hereof.

**8.** CLT shall not be obligated to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

**B. RIGHTS OF PERMITTED MORTGAGEE.** The rights of a Permitted Mortgagee as referenced under Section 8.6 of the Lease to which this Exhibit is attached shall be as set forth below.

**1.** Any Permitted Mortgagee shall, without further consent by CLT, have the right to (a) cure any default under this Lease, and perform any obligation required under this Lease, such cure or performance being effective as if it had been performed by Homeowner; (b) acquire and convey, assign, transfer and exercise any right, remedy or privilege granted to Homeowner by this Lease or otherwise by law, subject to the provisions, if any, in the Permitted Mortgage, which may limit any exercise of any such right, remedy or privilege; and (c) rely upon and enforce any provisions of the Lease to the extent that such provisions are for the benefit of a Permitted Mortgagee.

**2.** A Permitted Mortgagee shall not be required, as a condition to the exercise of its rights under the Lease, to assume personal liability for the payment and performance of the obligations of the Homeowner under the Lease. Any such payment or performance or other act by Permitted Mortgagee under the Lease shall not be construed as an agreement by Permitted Mortgagee to assume such personal liability except to the extent Permitted Mortgagee actually takes possession of the Home and Leased Land. In the event Permitted Mortgagee does take possession of the Home and Leased Land and thereupon transfers such property, any such transferee shall be required to enter into a written agreement assuming such personal liability and upon any such assumption the Permitted Mortgagee shall automatically be released from personal liability under the Lease.

**3.** In the event that title to the estates of both CLT and Homeowner are acquired at any time by the same person or persons, no merger of these estates shall occur without the prior written declaration of merger by Permitted Mortgagee, so long as Permitted Mortgagee owns any interest in the Security or in a Permitted Mortgage.

**4.** If the Lease is terminated for any reason, or in the event of the rejection or disaffirmance of the Lease pursuant to bankruptcy law or other law affecting creditors' rights, CLT shall enter into a new lease for the Leased Land with the Permitted Mortgagee (or with any party designated by the Permitted Mortgagee, subject to CLT's approval, which approval shall not be unreasonably withheld), not more than thirty (30) days after the request of the Permitted Mortgagee. Such lease shall be for the remainder of the term of the Lease, effective as of the date of such termination, rejection or disaffirmance, and upon all the terms and provisions contained in the Lease. However, the Permitted Mortgagee shall make a written request to CLT for such new lease within sixty (60) days after the effective date of such termination, rejection or disaffirmance, as the case may be. Such written request shall be accompanied by a copy of such new lease, duly executed and acknowledged by the Permitted Mortgagee or the party designated by the Permitted Mortgagee to be the Homeowner thereunder. Any new lease made pursuant to this Section shall have the same priority with respect to other interests in the Land as the Lease. The provisions of this Section shall survive the termination, rejection or disaffirmance of the Lease and shall continue in full effect thereafter to the same extent as if this Section were independent and an independent contract made by CLT, Homeowner and the Permitted Mortgagee.

**5.** The CLT shall have no right to terminate the Lease during such time as the Permitted Mortgagee has commenced foreclosure in accordance with the provisions of the Lease and is diligently pursuing the same.



6. In the event that CLT sends a notice of default under the Lease to Homeowner, CLT shall also send a notice of Homeowner’s default to Permitted Mortgagee. Such notice shall be given in the manner set forth in Section 14.2 of the Lease to the Permitted Mortgagee at the address which has been given by the Permitted Mortgagee to CLT by a written notice to CLT sent in the manner set forth in said Section 14.2 of the Lease.

7. In the event of foreclosure sale by a Permitted Mortgagee or the delivery of a deed to a Permitted Mortgagee in lieu of foreclosure in accordance with the provisions of the Lease, at the election of the Permitted Mortgagee the provisions of Article 10, Sections 10.1 through 10.11 shall be deleted and thereupon shall be of no further force or effect as to only so much of the Security so foreclosed upon or transferred.

8. Before becoming effective, any amendments to this Lease must be approved in writing by Permitted Mortgagee, which approval shall not be unreasonably withheld. If Permitted Mortgagee has neither approved nor rejected a proposed amendment within 60 days of its submission to Permitted Mortgagee, then the proposed amendment shall be deemed to be approved.

C. STANDARD PERMITTED MORTGAGE AGREEMENT. A Standard Permitted Mortgage Agreement, as identified in Section 8.4 of this Lease, shall be written as follows, and shall be signed by Mortgagee and Homeowner.

*This Agreement is made by and among:*

\_\_\_\_\_ (Mortgagee) and  
 \_\_\_\_\_ (“Homeowner”),

**Whereas:**

- a) \_\_\_\_\_ CLT (the “CLT”) and Homeowner have entered, or are entering, into a ground lease (“the Lease”), conveying to Homeowner a leasehold interest in the Land located at \_\_\_\_\_ (“the Leased Land”); and Homeowner has purchased, or is purchasing, the Home located on the Leased Land (“the Home”).
- b) The Mortgagee has been asked to provide certain financing to the Homeowner, and is being granted concurrently herewith a mortgage and security interest (the “Mortgage”) in the Leased Land and Home, all as more particularly set forth in the Mortgage, attached hereto as Schedule A.
- c) The Ground Lease states that the Homeowner may mortgage the Leased Land only with the written consent of CLT. The Ground Lease further provides that CLT is required to give such consent only if the Mortgagee signs this Standard Permitted Mortgage Agreement and thereby agrees to certain conditions that are stipulated herein (“the Stipulated Conditions”).

**Now, therefore, the Homeowner/Mortgagor and the Mortgagee hereby agree that the terms and conditions of the Mortgage shall include the Stipulated Conditions stated below.**

**Stipulated Conditions:**

1) If Mortgagee sends a notice of default to the Homeowner because the Homeowner has failed to comply with the terms of the Mortgage, the Mortgagee shall, at the same time, send a copy of that notice to the CLT. Upon receiving a copy of the notice of default and within that period of time in which the Homeowner has a right to cure such default (the “cure period”), the CLT shall have the right to cure the default on the Homeowner’s behalf, provided that all current

payments due the Permitted Mortgagee since the notice of default was given are made to the Mortgagee.

2) If, after such cure period, the Mortgagee intends to accelerate the note secured by the Mortgage or initiate foreclosure proceedings under the Mortgage, in accordance with the provisions of the Lease, the Mortgagee shall first notify CLT of its intention to do so and CLT shall have the right, but not the obligation, upon notifying the Mortgagee within thirty (30) days of receipt of said notice, to purchase the Mortgagee loans and to take assignment of the Mortgage.

3) If the Mortgagee acquires title to the Home and Homeowner’s interest in the Leased Land through foreclosure or acceptance of a deed in lieu of foreclosure, the Mortgagee shall give the CLT written notice of such acquisition and the CLT shall have an option to purchase the Home and Homeowner’s interest in the Leased Land from the Mortgagee for the full amount owing to the Mortgagee; provided, however, that the CLT notifies the Mortgagee in writing of the CLT’s intent to make such purchase within thirty (30) days following the CLT’s receipt of the Mortgagee’s notice of such acquisition of the Home and Homeowner’s interest in the Leased Land; further provided that CLT shall complete such purchase within sixty (60) days of having given written notice of its intent to purchase; and provided that, if the CLT does not complete the purchase within such period, the Mortgagee shall be free to sell the Home and Homeowner’s interest in the Leased Land to another person;

4) Nothing in the Mortgage or related documents shall be construed as giving the Mortgagee a claim on CLT’s interest in the Leased Land, or as assigning any form of liability to the CLT with regard to the Leased Land, the Home, or the Mortgage.

5) Nothing in the Mortgage shall be construed as rendering CLT or any subsequent holder of the CLT’s interest in and to the Lease, or their respective heirs, executors, successors or assigns, personally liable for the payment of the debt evidenced by such note and such Mortgage or any part thereof.

6) The Mortgagee shall not look to CLT or CLT’s interest in the Leased Land, but will look solely to Homeowner and Homeowner’s interest in the Leased Land and the Home for the payment of the debt secured by the Mortgage. (It is the intention of the parties hereto that CLT’s consent to the Mortgage shall be without any liability on the part of CLT for any deficiency judgment.)

7) In the event that any part of the Leased Land is taken in condemnation or by right of eminent domain, the proceeds of the award shall be paid over to the Mortgagee in accordance with the provisions of Article 9 of the Lease.

8) Nothing in the Mortgage shall obligate CLT to execute an assignment of the Lease Fee or other rent payable by Homeowner under the terms of this Lease.

By:

\_\_\_\_\_ for Mortgagee                      Date: \_\_\_\_\_  
\_\_\_\_\_ for Homeowner/Mortgagor      Date: \_\_\_\_\_

## Exhibit F: FIRST REFUSAL

Whenever any party under the Lease shall have a right of first refusal as to certain property, the following procedures shall apply. If the owner of the property offering it for sale (“Offering Party”) shall within the term of the Lease receive a bona fide third party offer to purchase the property which such Offering Party is willing to accept, the holder of the right of first refusal (the “Holder”) shall have the following rights:

- a) Offering Party shall give written notice of such offer (“the Notice of Offer”) to Holder setting forth (a) the name and address of the prospective purchaser of the property, (b) the purchase price offered by the prospective purchaser and (c) all other terms and conditions of the sale. Holder shall have a period of forty-five (45) days after the receipt of the Notice of Offer (“the Election Period”) within which to exercise the right of first refusal by giving notice of intent to purchase the property (“the Notice of Intent to Purchase”) for the same price and on the same terms and conditions set forth in the Notice of Offer. Such Notice of Intent to Purchase shall be given in writing to the Offering Party within the Election Period.
- b) If Holder exercises the right to purchase the property, such purchase shall be completed within sixty (60) days after the Notice of Intent to Purchase is given by Holder (or if the Notice of Offer shall specify a later date for closing, such date) by performance of the terms and conditions of the Notice of Offer, including payment of the purchase price provided therein.
- c) Should Holder fail to exercise the right of first refusal within the Election Period, then the Offering Party shall have the right (subject to any other applicable restrictions in the Lease) to go forward with the sale which the Offering Party desires to accept, and to sell the property within one (1) year following the expiration of the Election Period on terms and conditions which are not materially more favorable to the purchaser than those set forth in the Notice. If the sale is not consummated within such one-year period, the Offering Party's right so to sell shall end, and all of the foregoing provisions of this section shall be applied again to any future offer, all as aforesaid. If a sale is consummated within such one-year period, the purchaser shall purchase subject to the Holder having a renewed right of first refusal in said property.

## **Exhibit G: ZONING**

Attach copy of ZONING classification for property, as of the commencement of the Lease

## **Exhibit H: INITIAL APPRAISAL**

Attach copy of initial appraisal



## **Exhibit I: STANDARD PERMITTED MORTGAGE AGREEMENT**

Attach agreement signed by lender and by homeowner, as specified section 8.c of the  
'Permitted Mortgage Agreement' exhibit above.

## EXHIBIT J: HOME REPAIR AND REPLACEMENT RESERVES

Reserves collected through the Homeowner's monthly Home Repair and Replacement Reserve Fee are explicitly the property of the CLT, but may only be used for the capital maintenance of the Property.

**Use of Reserve Funds:** The Home Repair and Replacement Reserves will be administered by the CLT, and the CLT will decide which capital repair or replacement costs are eligible for the use of the Reserves and shall specify those costs when the fund is established. Homeowner may request release of funds prior to completing the necessary repairs or replacements and the CLT shall inform the Homeowner of the eligibility of the proposed expenses and the amount of funds available in the fund for use in such repairs. Upon satisfactory completion of the work and evidence of the expenses incurred, the CLT shall release funds up to the amount quoted, at its sole discretion, if the requested use is found to be necessary and in accordance with the Reserve's intended use.

Homeowner remains solely responsible for the repair and replacement of the above listed capital components. System components will be replaced with products of comparable quality and features. During a system replacement, the Homeowner may opt to replace components with higher rather than comparable quality products. In this case, the Homeowner will pay the cost difference between the comparable quality and the higher quality product.

It is incumbent upon the Homeowner to notify the CLT immediately of any deficiencies in the above capital systems. Damages resulting from failure to make prompt notice of deficiencies are the responsibility of the Homeowner.

**Exclusion of Items Covered by H/COA Dues:** In communities with homeowner or condominium owner associations, a portion of the above capital repair and/or replacement costs may be covered by the owner association dues. In this case, capital items that are specifically the responsibility of the owner association are explicitly excluded from coverage under the Home Repair and Replacement Reserves. The Homeowner's monthly Home Repair and Replacement Reserve Fee will be adjusted to reflect coverage of these items under the owner association dues.

## **Other Exhibits to be Attached, as Appropriate**

Exhibit RESTRICTIONS *[To be attached when Sitka CDC is stipulating use restrictions above and beyond those included under Zoning]*

## Sitka Community Development Corporation Community Land Trust Stewardship Policies and Procedures

Sitka Community Development Corporation's Community Land Trust program is, on behalf of the community it serves, committed to long-term stewardship of the homes in its portfolio and to the households that own these homes. We have made – and will continue to make – substantial commitments to a range of constituents and stakeholders:

- To homeowners, we commit to monitor and enforce their compliance with the terms of the ground lease they signed; to “stand behind” them and assist their efforts to be successful; and to manage the resale of their home, should they ever choose to sell.
- To public and private funders, subsidy providers and lenders, we commit to preserve housing affordability forever; to protect and leverage affordability subsidies provided to create that affordability; and to assure that the quality of homes in our portfolio is maintained and the prospects for the success of our homeowners is enhanced.
- To our community and its neighborhoods, we commit ensure that our homeowners behave appropriately, follow the rules, and maintain their homes; and that the value of our CLT homes retain their market value, even as we limited their resale prices.
- And to ourselves, as a community organization and a nonprofit business, we commit to remain true to our mission and purposes and to develop and maintain the capacity needed to manage these responsibilities effectively for a long, long time.

Stewardship is essential to the operations of our community land trust (CLT) program. Any nonprofit organization and/or municipal entity can create an affordable housing unit. What distinguishes Sitka CDC's CLT program is our commitment to stay in the deal, *after* the homeowner moves in:

- ✦ To monitor and enforce homeowner compliance to the terms of the deal
- ✦ To provide or arrange for additional support to help homeowners remain successful as homeowners – and, to the extent possible, to achieve their personal goals
- ✦ To preserve and leverage the benefit of the subsidy resources that we have secured to create the initial affordability of each of your homes
- ✦ To preserve the quality and condition of each of the affordably priced homes in our portfolio as community assets, assuring each home is well kept and maintained, regardless of what happens to the homeowner
- ✦ To manage the resale of each home in the event the homeowner ever moves on, whether voluntarily or involuntarily
- ✦ To arrange for the resale of each of the homes in our portfolio at an affordable price to another local, limited-income family – and start the process all over again.

### **The Stewardship of Homeownership**

As it the case with other community land trusts in operation across the country, Sitka CDC's CLT program, has three major goals for the stewardship of our homeowners and the homes they occupy: preserving housing affordability; promoting housing quality; and protecting housing security. Accordingly, our homeownership stewardship program is committed to managing and coordinating the following basic duties:

*Preserving housing affordability* – The minimal duties of stewardship in this area include:

- Maintain a waiting list of income-eligible, potential buyers for the purchase of resale-restricted homes that come up for sale
- Inspect homes at time of resale
- Oversee any necessary rehabilitation and upgrades before sale to next buyer
- Calculate the formula-driven resale price
- Inform prospective buyers of the restrictions and conditions, as well as the benefits of buying, owning and selling a Sitka CDC CLT home
- Oversee the transfer of homes, ensuring their purchase, at affordable prices, by income-qualified buyers

*Promoting housing quality* – The minimal duties of stewardship in this area include:

- Mandate the upfront installation of more durable materials and energy-efficient systems
- Prepare homeowners for the maintenance responsibilities of homeownership
- Inspect periodically the condition and repair of homes
- Maintain reserves for unexpected repairs and necessary replacements

*Protecting housing security* – The minimal duties of stewardship in this area include:

- Screen and approve all homebuyer/homeowner mortgage financing and refinancing, preventing predatory lending and/or overleveraged borrowing
- Prevent the attachment of liens
- Maintain adequate insurance coverage
- Secure equitable taxation of resale-restricted homes, preventing the displacement of homeowners unable to pay taxes on real estate profits they cannot claim as their own
- Monitor homeowner payment of taxes and insurance
- Regulate subletting
- Intervene, as needed, to cure mortgage defaults and prevent foreclosures

### **Stewardship Policies and Procedures**

As a community land trust, Sitka CDC's CLT program is obliged to complete number of stewardship tasks and activities. Attached below, as Exhibit A, is a document labeled "Programmatic Requirements for Administering a Portfolio of Resale-Restricted, Owner-Occupied Homes", which provides a general overview of the stewardship obligations to which Sitka CDC and its CLT program are committed.

In order to manage these stewardship responsibilities successfully, Sitka CDC's Community Land Trust program has developed and adopted specific policies, procedures and protocols, in areas ranging from communication to recordkeeping, from monitoring to enforcement. These stewardship policies and procedures include:

#### **Communication and relationship building with homeowners**

It is likely easier to remind homeowners of use restrictions than to enforce them, as enforcement, if it gets to that point, is almost certain to require a significant commitment of time and human resources.



1. SCDC will maintain frequent communication and interaction with our homeowners to help minimize noncompliance issues. Types of communication and interactions we will use, include:
  - a. Face-to-face meetings and informal conversations
  - b. Informal correspondence– e.g., newsletter with homeowner resources or home maintenance tips
  - c. Formal correspondence, when appropriate – e.g., an annual letter reminding homeowner of their requirements and other details regarding their CLT homeownership (e.g., what they would be able to sell their home for right now)?<sup>1</sup>
  
2. Additionally, SCDC will seek to provide or arrange for homeowner access to support, assistance, and services to help homeowners remain successful as homeowners. These resources could include:
  - a. Financial education – e.g., how to manage a household on a limited budget; etc.
  - b. Assistance with setting up neighborhood watch programs
  - c. Tax preparation information
  - d. Information on how to be successful homeowners (e.g., how to manage homes for maximum energy efficiency, etc.)
  - e. Provide annual courtesy Fire and Life Safety Inspections

#### Use Restrictions

Sitka CDC's CLT program will monitor and enforce homeowners' responsible use of the homes they own and the land they lease, per the restrictions stipulated in the ground lease.

1. Staff will monitor homeowner use requirements through periodic visits and inspections, including annual drive-by inspections.
2. Staff will respond to neighborhood complaints by return telephone; if warranted, face-to-face meetings will be arranged with neighbors expressing serious complaints.
3. When there is suspicion of noncompliance with stipulated use requirements, staff will provide 48-hour notice to homeowner and will do walk-around of leased land.
4. In events when there is suspicion of illegal activities taking place at the home, staff will immediately contact Police Department, as appropriate.
5. If illegal activities are found to be taking place, staff will notify board of directors, requesting action to declare default on ground lease and force a resale, terminating the homeowner's right of ownership.

Repeated and/or egregious noncompliance constitutes grounds for declaring a default on the ground lease and beginning proceedings to remove the homeowner. SCDC must give advance notice of – and the right to cure – to the mortgage lender, before declaring a homeowner in default for non-compliance.

#### Owner-Occupancy

The SCDC CLT ground lease (Article 4.4) requires owner occupancy, stipulating in its ground lease that homeowners must occupy their home as their primary residence. Specifically, each homeowner must comply with the annual presence/absence requirements of the Permanent

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<sup>1</sup> A sample letter to homeowner can be provided.

Fund Dividend (PFD) program (i.e., no absence of more than 90 days consecutively or 180 days in total in every calendar year), unless otherwise agreed by CLT. Proof of PFD qualification must be submitted each year to SCDC. Staff will collect, record and file a copy of PFD deposit from each homeowner to certify compliance with this occupancy requirement – and will do so once each calendar year.

Any suspicion or evidence that a homeowner is not meeting the occupancy requirement will automatically trigger an on-site physical inspection of the premises and call for a face-to-face meeting with the homeowner in question, to be held within three (3) business days. Should SCDC discover that one of its homeowners is in noncompliance of the occupancy requirement, SCDC shall notify the homeowner of the noncompliance by certified mail, providing a 30-day timeframe for correcting the deficiency. If the homeowner does not comply within this timeframe, SCDC's board of directors will authorize staff to proceed to declare a default on the ground lease.

Sitka CDC's CLT program will, on a case-by-case, as-needed basis, consider homeowner requests for temporary deviations from the residency requirement stipulated in the ground lease. SCDC may determine to temporarily waive the occupancy requirement in order to accommodate hardship and other real life circumstances for a particular homeowner. In the event that SCDC permits a homeowner to take a *leave of absence* from the home, this decision will include a determination if the homeowner will be permitted to sublease the home during his/her absence. In the event that subleasing is allowed, provisions of Article 4.5 of the South Florida Community Land Trust Ground Lease will govern the sublease.

Noncompliance with this requirement constitutes grounds for declaring a default on the ground lease and beginning proceedings to remove the homeowner. SCDC must give advance notice of – and the right to cure – to the mortgage lender, before declaring a homeowner in default for non-compliance.

#### Renting and Subletting

Like most CLTs, SCDC requires that its CLT homeowners may not sublet their homes, except in very specific hardship situations and only with the advanced written approval of the board of directors.

SCDC will intervene if a homeowner has illegally sublet his/her home. In these situations, SCDC's options include:

- a. Charging a fine to the noncompliant homeowner/leaseholder until owner-occupancy is reestablished
- b. Evicting the tenant and declare a default on the ground, beginning proceedings to remove the homeowner from the home and arrange the sale to another qualified household.

Noncompliance with this requirement constitutes grounds for declaring a default on the ground lease and beginning proceedings to remove the homeowner. SCDC must give advance notice of – and the right to cure – to the mortgage lender, before declaring a homeowner in default for noncompliance.

### Payment of Home Loan(s)

#### Working with Homeowners

SCDC will ensure that no mortgage securing a loan borrowed by one of its homeowners is tied to the SCDC's fee interest in the land by executing its rights under the ground lease to review and approve (and disapprove, as needed) all home loans borrowed by its homeowners – including initial home purchase, first-position mortgage loans; refinancing; home equity loans and lines of credit.<sup>2</sup>

As an additional protection, SCDC may consider filing a performance deed, if appropriate, to assure that the non-negotiable, lease-stipulated right of SCDC to approve all home mortgage financing will always surface in a title search.

Additionally, staff will communicate regularly with SCDC'S CLT homeowners regarding their mortgage payments, to remind homeowners of the ground lease-stipulated requirement (Article 8.3) that they *must* notify SCDC by written correspondence – and receive approval from SCDC – before they ever change their original home purchase financing (whether for refinancing or for home equity, 2<sup>nd</sup> mortgage loans).

Noncompliance with this requirement constitutes grounds for SCDC to declare a default on the ground lease and begin proceedings for removal of the homeowner. SCDC must give advance notice of – and the right to cure – to the mortgage lender, before declaring a homeowner in default for non-compliance.

#### Working with Lenders and Loan Servicers

Sitka CDC's CLT program's interests in the home are in jeopardy if a homeowner fails to make his or her mortgage payments.

It is important for SCDC to know if an individual's loan payments are late, but not necessarily yet in default – particularly in the event that the homeowner does not notify SCDC that she/he is delinquent in payments. For this reason, SCDC has developed and implemented a "Standard Permitted Mortgage Agreement" [referenced in Article 8.4 of the Sitka CDC's CLT program ground lease and found in Exhibit: "Permitted Mortgage", Section C.] that is to be signed by the Mortgagee and the homeowner. This "Standard Permitted Mortgage Agreement", among other terms and conditions, gives SCDC permission to communicate directly with the lender and requires the lender (and/or its servicer) to notify SCDC in the event the homeowner is in mortgage default.

#### Dealing with Arrearages

In the event that one of its homeowners is found in arrears on his/her mortgage financing, SCDC may take one or more of the following actions, depending on the situation and circumstances:

1. Work with the homeowner to bring the loan payments current.
2. Work with the loan servicer and/or lender to see if a workout plan is possible.

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<sup>2</sup> An outline of "Permitted Mortgages", that SCDC staff can use to approve (or deny) permitted mortgages per the terms of the ground lease, is currently being prepared by Burlington Associates and the National CLT Network.

3. Exercise the lease-stipulated right to stall the foreclosure process for 120 days, in order to give SCDC and the homeowner time to try to work out the default and bring payments current.
4. Work with the homeowner to resell the home, at the Purchase Option Price, to an eligible buyer and use the proceeds of sale to repay the outstanding balance.
5. In very rare circumstances, make payment(s) on behalf of the homeowner as needed to keep mortgage payments current, in order to avoid foreclosure on the mortgage. Any such payments made by SCDC on behalf of the homeowner shall be collected by adding a *pro rata* payment to the monthly Lease Fee or by placing a lien on the home for the amount paid and reduce the Purchase Option Price by this amount at the time of resale.

In order to minimize the possibilities and risks of foreclosure, actions that SCDC is prepared to take include:

1. Determine other resources available that may be of assistance to SCDC homeowners to help them avoid foreclosure – and make these available to its CLT homeowners through education and referral.
2. Arrange access to specialized legal counsel to help explore options and to work through the process of dealing with a homeowner in default and/or a foreclosed home.

#### Additional Liens

Article 7.4 of the Sitka CDC's CLT program ground lease stipulates that an SCDC CLT homeowner cannot permit a lien of any type to attach to SCDC's title to the Leased Land – and any lien that is filed against the homeowner's home or the land leased from SCDC must be discharged by actions of the homeowner within sixty (60) days after it has been filed.

SCDC will ensure that no additional liens are placed on the property by reviewing title reports for any additional liens. These title reviews will be conducted by staff on each of the homes in SCDC' CLT portfolio every six (6) months.

Repeated noncompliance constitutes grounds for declaring a default on the ground lease and beginning proceedings to remove the homeowner. SCDC must give advance notice of – and the right to cure – to the mortgage lender, before declaring a homeowner in default for non-compliance.

#### Payment of Taxes

Because SCDC has a long-term interest in each of the homes in its portfolio, this interest, as well as its investments, are at risk in the event a homeowner ever fails to pay the real estate taxes on his or her home. Consequently, it is imperative that SCDC ensure that taxes are paid on time.

To assure timely payment, SCDC will, whenever possible, ask lenders providing home purchase financing to require escrow payment of property taxes, as part of a homeowner's monthly mortgage payment.

Additionally, staff will monitor tax payments by its homeowners through on-line verification. Real estate taxes are typically due by the end of August of every calendar year. Staff will



contact each homeowner by September 30 of each calendar year to receive verification that real estate taxes have been paid in full. Documentation that taxes are fully paid includes: copy of cancelled check; receipt from the City; verification from mortgagee (if real estate taxes are escrowed); or some other form deemed acceptable by SCDC.

SCDC staff will act if these taxes are not paid. In the event that staff discovers that one of its CLT homeowners owes back taxes, the following enforcement steps will be taken:

1. Staff will contact the homeowner to check on how she/he is doing and to determine why taxes have not been paid.
2. If, ten (10) days after this meeting, the taxes have not been paid, staff will arrange a face-to-face meeting with the homeowner, during which an action plan – identifying reasonable steps to be taken to bring the payments current and stipulating an end date for full compliance – will be negotiated. This plan will be written and signed by both parties.
3. If the taxes are not paid by the homeowner by the date stipulated in the agreement, SCDC may elect to pay the taxes owed and place a lien on the home for the amount paid and reduce the Purchase Option Price by this amount at the time of resale.

Noncompliance constitutes grounds for declaring a default on the ground lease and beginning proceedings to remove the homeowner. SCDC must give advance notice of – and the right to cure – to the mortgage lender, before declaring a homeowner in default for non-compliance.

#### Payment of Insurance

Like other CLTs, Sitka CDC's CLT program must make sure that the homeowner is covered for liability claims, that SCDC is named as an additional insured, and that the coverage for each homeowner – for both liability and fire and hazard – is sufficient. SCDC cannot afford to risk losing a home, due to an insurance claim nor does it want any of its homeowners – or SCDC – to be exposed to undue liability. Accordingly:

SCDC will monitor continuity or sufficiency of homeowner insurance coverage by:

1. SCDC will require that it be listed as an additional insured on each of its homeowners' policies and, as a result, will receive direct notification from the insurance company of each homeowner's coverage.
2. Additionally, SCDC will require that homeowners provide SCDC with a copy of their policy, each year on its renewal date. Once received, SCDC will review the policy, record compliance with this requirement, and file the policy in its records.

In the event that SCDC discovers that insurance coverage for any of its homeowner's is inadequate or has lapsed, staff will take the following actions:

1. Contact the homeowner to remind him/her of the requirement to correct the problem and to establish a short-term deadline for doing so.
2. If needed – and as able – pay the insurance owed and collect the amount by adding a *pro rata* payment to the monthly Lease Fee or by placing a lien on the home for the amount paid and reduce the Purchase Option Price by this amount at the time of resale.



Repeated noncompliance constitutes grounds for declaring a default on the ground lease and beginning proceedings to remove the homeowner. SCDC must give advance notice of – and the right to cure – to the mortgage lender, before declaring a homeowner in default for non-compliance.

#### Payment of Monthly Lease Fee

Sitka CDC's CLT program requires homeowners to pay a monthly Lease Fee to the organization.

These monthly fees provide revenue to help cover SCDC's ongoing operating costs. Additionally, SCDC can rely on the payment (or non-payment) of these fees as the basis for an ongoing relationship with the homeowner – in a support capacity to remind homeowners that SCDC continues to be involved in the homeownership experience and in a monitoring capacity as nonpayment of the fee can indicate a financial problem. To cement the gravity of its role not only as housing sponsor but also as homeowner advocate, SCDC has developed the following procedures to ensure its monthly fee is paid by each homeowner in full and on time.

Article 5 of the Sitka CDC's CLT program ground lease stipulates that the Lease Fee in the amount of \$50.00 monthly is due and payable to SCDC on the first (1<sup>st</sup>) day of every month. Payment is delinquent and outstanding if payment is not received by the fifth (5<sup>th</sup>) of the month, at which time a letter will be sent to each homeowner, reminding him/her of the need to bring payments current immediately. At its discretion, SCDC may require the homeowner to pay interest up to, but not exceeding fifty percent (50%), accruing monthly, on the unpaid amount from the date payment is due through and including the date payment in full or, if agreed by SCDC, of installment payment. This interest is deemed additional Lease Fee by SCDC and shall be paid by homeowner on demand by SCDC. However, SCDC will waive payment of interest if the homeowner makes payment of the outstanding Lease Fee and this payment is received by SCDC on or before the 30<sup>th</sup> day of the month in which the payment was due and payable.

Any SCDC homeowner will be considered in default of his/her ground lease in event of protracted nonpayment of monthly Lease Fees.

1. After the 30<sup>th</sup> of the first month for which payment has not been made, staff will contact the homeowner – either by phone or in person – regarding this delinquency, inquiring how the homeowner is doing and, unless there is a serious problem, reminding them that payment for the month outstanding plus the next month's fee is due and payable on the first of the immediately following month.
2. On the 15<sup>th</sup> day of the second consecutive month of unpaid Lease Fees, staff will send a collection letter to the homeowner, invoicing for immediate payment of the full amount owed, plus interest, and notifying the homeowner she/he is in danger of being held in default.
3. On the 15<sup>th</sup> day of the third consecutive month of unpaid Lease Fees, staff will send another collection to the homeowner, demanding immediate payment and giving notice that, if full payment of the amount outstanding – plus interest – is not made by the end of the month, SCDC will declare a default on the ground lease and proceedings will begin to remove the homeowner.

Repeated noncompliance constitutes grounds for declaring a default on the ground lease and beginning proceedings to remove the homeowner. SCDC must give advance notice of – and the right to cure – to the mortgage lender, before declaring a homeowner in default for non-compliance.

#### Improvements to Home

Sitka CDC's CLT program ground lease allows homeowners to make capital improvements to their homes only with prior written approval from SCDC – and subject to certain conditions. In order to monitor and manage this process, SCDC has developed and will enforce the following procedures:

“Improvements” are defined as any construction or rehabilitation activity that requires a building permit.

1. SCDC will review each request received from a homeowner, asking for permission make capital improvements to his/her home, on a case-by-case basis – and SCDC may elect to allow or disallow requested improvements. Additionally, SCDC may place limits on the amount of improvements a homeowner can put in his or her home. Decisions by SCDC to disallow or to limit the amount of improvements allowed to be made may be made at SCDC's sole discretion – and generally out of an interest in ensuring the quality and affordability of the home for future, eligible homebuyers.
2. In reviewing a homeowner's request to make capital improvements to his/her home, SCDC will – through a means test – evaluate the homeowner's capability to finance and complete proposed improvements.
3. No special compensation or credit will be provided at resale for the cost or value of post-purchase improvements made by a SCDC homeowner.

#### Condition of the Home

As a community land trust, SCDC must ensure that the homes in its portfolio remain affordable over the long term. Its monitoring needs to ensure that protection of affordability must go hand-in-glove with preservation of each home's structural integrity. Steps SCDC will be prepared to take to ensure its CLT home remain in good condition include:

1. SCDC will monitor the condition of each home in the portfolio via a drive-by or a site inspection at least once annually. Additionally, certain events may trigger an on-site inspection as allowed in Article 4.6 of the SCDC CLT ground lease. These include:
  - a. Receipt of Homeowner's Notice of Intent to Sell;
  - b. Notification of unusual or illegal activity at the home;
  - c. Notice that the homeowner is refinancing;
  - d. Notice of default from lender;
  - e. Paper audit identifies potential lack of compliance with occupancy requirement.
2. SCDC will support its goals for preservation, maintenance and upkeep of the homes in the CLT's portfolio in a number of ways, including providing supporting information about maintenance and upkeep to its homeowners.<sup>3</sup> Additionally, SCDC will require homeowners to set aside reserve funds for maintenance and upkeep –

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<sup>3</sup> A sample maintenance policy can be made available.

- and, to the extent possible and, as appropriate, will seek to secure additional financial resources to support homeowner-provided home maintenance.
3. SCDC may wish to compel a homeowner to address deferred maintenance and repair needs prior to resale. In order to do so, SCDC will need to be able to document the condition of the home at initial purchase and prove that it has not been properly maintained. This will be done by using SCDC's "Initial Conditions Checklist".
  4. In the event that the home has not been maintained and there is deferred maintenance, SCDC's options include:
    - a. Provide financial support for maintenance expenses in the form of a loan.
    - b. Let the market correct for the poor condition of the home (i.e., the home returns less value to the homeowner/seller at resale)
    - c. Rely upon lender requirements – i.e., an incoming homebuyer cannot finance the home purchase unless certain components are fixed. In these situations, SCDC may pay for the cost of the required repairs/deferred maintenance, prior to resale and deduct this amount from sale proceeds of seller.

The ground lease (Article 10.13) stipulates that SCDC may inspect the home upon receiving notice of intent to sell and hire a home inspector to assess the condition of the home. In turn, the homeowner is required to make (and pay for) necessary repairs before the home can be made available for sale.

Sitka CDC Community Land Trust Home Repair and Replacement Reserve Fund Policy

A Monthly Home Repair and Replacement Reserve Fund is established at the commencement of this Lease and will be funded by the monthly Home Repair and Replacement Reserve Fund stipulated in Section 5.1 and collected by CLT. At its discretion, CLT may, from time to time, add funds to this Home Repair and Replacement Reserve Fund.

The Homeowner and CLT acknowledge that the Homeowner is responsible for all maintenance and repair of the Home, as set forth in this Lease. As an additional assurance that all Homeowners are able to comply with their maintenance and repair obligations, the CLT and the Homeowner agree that a Home Repair and Replacement Reserve Fee will be collected from the Homeowner as part of the Monthly Fee, and held as a reserve by the CLT for the capital maintenance of specific portions of the Home.

- a. **Release of Funds:** Policies and procedures for the use of Home Repair and Replacement Reserves are specified in Exhibit J: HOME REPAIR AND REPLACEMENT RESERVES. The CLT may reasonably withhold Home Repair and Replacement Reserve funds if the requested use is for purely aesthetic exterior alterations (such as a change in paint color when existing paint is still in good condition) or to repair items damaged by neglect.
- b. **Reserve Funds are Nonrefundable:** The Home Repair and Replacement Reserves are explicitly the property of the CLT, but may only be used for the capital maintenance of the Property. The Homeowner acknowledges that the Home Repair and Replacement Reserves are intended for, and shall remain with the Home and not the Homeowner. In the event that the Home is sold or transferred

- by the Homeowner, the unused Home Repair and Replacement Reserves will be retained by the CLT for the future capital repairs or replacements of the Home.
- c. **Costs in Excess of Reserves:** Any capital costs that exceed the amount of available Home Repair and Replacement Reserves will be borne by the Homeowner.
  - d. **Yearly Report upon Request:** No later than September 30<sup>th</sup> of each year, the CLT will make available, upon the Homeowner's request, a detailed report of Home Repair and Replacement Reserve transactions for the prior fiscal year.

## EXHIBIT J: HOME REPAIR AND REPLACEMENT RESERVES

Reserves collected through the Homeowner's monthly Home Repair and Replacement Reserve Fee are explicitly the property of the CLT, but may only be used for the capital maintenance of the Property.

**Use of Reserve Funds:** The Home Repair and Replacement Reserves will be administered by the CLT, and the CLT will decide which capital repair or replacement costs are eligible for the use of the Reserves and shall specify those costs when the fund is established. Homeowner may request release of funds prior to completing the necessary repairs or replacements and the CLT shall inform the Homeowner of the eligibility of the proposed expenses and the amount of funds available in the fund for use in such repairs. Upon satisfactory completion of the work and evidence of the expenses incurred, the CLT shall release funds up to the amount quoted, at its sole discretion, if the requested use is found to be necessary and in accordance with the Reserve's intended use.

Homeowner remains solely responsible for the repair and replacement of the above listed capital components. System components will be replaced with products of comparable quality and features. During a system replacement, the Homeowner may opt to replace components with higher rather than comparable quality products. In this case, the Homeowner will pay the cost difference between the comparable quality and the higher quality product.

It is incumbent upon the Homeowner to notify the CLT immediately of any deficiencies in the above capital systems. Damages resulting from failure to make prompt notice of deficiencies are the responsibility of the Homeowner.

**Exclusion of Items Covered by H/COA Dues:** In communities with homeowner or condominium owner associations, a portion of the above capital repair and/or replacement costs may be covered by the owner association dues. In this case, capital items that are specifically the responsibility of the owner association are explicitly excluded from coverage under the Home Repair and Replacement Reserves. The Homeowner's monthly Home Repair and Replacement Reserve Fee will be adjusted to reflect coverage of these items under the owner association dues.

**Reserves.** The Homeowner's monthly Home Repair and Replacement Reserve Fee will be adjusted to reflect coverage of these items under the owner association dues.



## SITKA CDC COMMUNITY LAND TRUST HOME REPAIR AND REPLACEMENT RESERVE FUND POLICY

A Monthly Home Repair and Replacement Reserve Fund is established at the commencement of this Lease and will be funded by the monthly Home Repair and Replacement Reserve Fund stipulated in Section 5.1 and collected by CLT. At its discretion, CLT may, from time to time, add funds to this Home Repair and Replacement Reserve Fund.

The Homeowner and CLT acknowledge that the Homeowner is responsible for all maintenance and repair of the Home, as set forth in this Lease. As an additional assurance that all Homeowners are able to comply with their maintenance and repair obligations, the CLT and the Homeowner agree that a Home Repair and Replacement Reserve Fee will be collected from the Homeowner as part of the Monthly Fee, and held as a reserve by the CLT for the capital maintenance of specific portions of the Home.

- a. **Release of Funds:** Policies and procedures for the use of Home Repair and Replacement Reserves are specified in Exhibit J: HOME REPAIR AND REPLACEMENT RESERVES. The CLT may reasonably withhold Home Repair and Replacement Reserve funds if the requested use is for purely aesthetic exterior alterations (such as a change in paint color when existing paint is still in good condition) or to repair items damaged by neglect.
- b. **Reserve Funds are Nonrefundable:** The Home Repair and Replacement Reserves are explicitly the property of the CLT, but may only be used for the capital maintenance of the Property. The Homeowner acknowledges that the Home Repair and Replacement Reserves are intended for, and shall remain with the Home and not the Homeowner. In the event that the Home is sold or transferred by the Homeowner, the unused Home Repair and Replacement Reserves will be retained by the CLT for the future capital repairs or replacements of the Home.
- c. **Costs in Excess of Reserves:** Any capital costs that exceed the amount of available Home Repair and Replacement Reserves will be borne by the Homeowner.
- d. **Yearly Report upon Request:** No later than September 30<sup>th</sup> of each year, the CLT will make available, upon the Homeowner's request, a detailed report of Home Repair and Replacement Reserve transactions for the prior fiscal year.

## **EXHIBIT J: HOME REPAIR AND REPLACEMENT RESERVES**

Reserves collected through the Homeowner's monthly Home Repair and Replacement Reserve Fee are explicitly the property of the CLT, but may only be used for the capital maintenance of the Property.

**Use of Reserve Funds:** The Home Repair and Replacement Reserves will be administered by the CLT, and the CLT will decide which capital repair or replacement costs are eligible for the use of the Reserves and shall specify those costs when the fund is established. Homeowner may request release of funds prior to completing the necessary repairs or replacements and the CLT shall inform the Homeowner of the eligibility of the proposed expenses and the amount of funds available in the fund for use in such repairs. Upon satisfactory completion of the work and evidence of the expenses incurred, the CLT shall release funds up to the amount quoted, at its sole discretion, if the requested use is found to be necessary and in accordance with the Reserve's intended use.

Homeowner remains solely responsible for the repair and replacement of the above listed capital components. System components will be replaced with products of comparable quality and features. During a system replacement, the Homeowner may opt to replace components with higher rather than comparable quality products. In this case, the Homeowner will pay the cost difference between the comparable quality and the higher quality product.

It is incumbent upon the Homeowner to notify the CLT immediately of any deficiencies in the above capital systems. Damages resulting from failure to make prompt notice of deficiencies are the responsibility of the Homeowner.

**Exclusion of Items Covered by H/COA Dues:** In communities with homeowner or condominium owner associations, a portion of the above capital repair and/or replacement costs may be covered by the owner association dues. In this case, capital items that are specifically the responsibility of the owner association are explicitly excluded from coverage under the Home Repair and Replacement Reserves. The Homeowner's monthly Home Repair and Replacement Reserve Fee will be adjusted to reflect coverage of these items under the owner association dues.

# SITKA COMMUNITY LAND TRUST

## HOME BUYER SELECTION POLICIES & PROCEDURES

### I. OVERVIEW

This policy paper is intended to guide the development and implementation of both general and project-specific homebuyer selection procedures administered by the Sitka Community Land Trust. This policy shall be reviewed from time to time by the Selection Committee for effectiveness in guiding the Sitka Community Land Trust in the pursuit of its mission. This policy may be amended by a majority of the Board.

### II. GOALS

The goals of the Sitka Community Land Trust that these policies are intended to support are:

- a) To provide as wide a range of opportunities as possible for income-eligible people to realize homeownership that is decent, safe and affordable;
- b) To insure the preservation of the quality and affordability of housing for future income-eligible residents of the community;
- c) To preserve and encourage economic diversity in Sitka;
- d) To find the best match between households and housing units that is the right price and the right size.

### III. SELECTION CRITERIA

#### A. THRESHOLD SELECTION CRITERIA

The following criteria reflect the Sitka Community Land Trust's goal to reasonably match household size to unit size and household income to housing costs. [Note: some funding sources which the Sitka Community Land Trust may rely on to develop its housing opportunities establish maximum eligible incomes of between 80% to 120% of the area median income.]

1. Majority Age - must be 18 in Alaska to qualify for a mortgage.
2. Citizen of USA or registered alien
3. Income Eligibility -

Maximum Income: To be considered for selection, a household must have an annual income which does not exceed 120% of the median income of households of equal size residing in the statistical area (as defined by the U.S. Department of Housing and Urban Development or its successor agency) within which the housing unit is located.

4. Creditworthiness: In all cases, a household must be able to demonstrate a sense of ownership of its financial obligations, and a history of responsible effort to meet them. The household, must be "pre-qualified" through the Sitka Community Land Trust's application process to determine whether mortgage financing is likely to be obtained by the household based on the applicants available cash resources and the known requirements of various mortgage programs for which the household may be eligible.

a) Minimum Income: To be considered for Sitka Community Land Trust homeownership opportunities, a household's monthly income, when multiplied by the appropriate debt-to-income ratio, must be sufficient to support the housing costs for the housing opportunity in question. In general, households that require a cosigner in order to obtain a mortgage will not be considered.

(1) Affordability - (i.e. matching household income to housing cost). In general, affordable means that the monthly cost of occupying a particular housing unit does not exceed 28% - 36% of monthly household income, depending on the applicable lender's guidelines.

(2) Assets - To be considered for Sitka Community Land Trust homeownership opportunities, a review of a household's financial resources and circumstances should clearly indicate a limited ability to compete successfully in the conventional housing market in Sitka.

## **B. SECONDARY SELECTION CRITERIA**

The following circumstances, not necessarily in order of priority or importance, will be considered in those instances when there are two or more households expressing interest in a particular unit and who meet the Threshold Eligibility Criteria outlined above.

1. Residency: First priority will be given first to current or former residents of the City and Borough of Sitka. Longer-term residency will generally be given higher priority than shorter-term residency although the term of residency need not be in consecutive years.
2. Community involvement: Residents having demonstrated involvement with and commitment to the community as evidenced by organizational memberships and/or participation in, support for, or sponsorship of non-profit, church or civic groups/events, etc.
3. Heirs. If "heir property" is sold to the Sitka Community Land Trust, any heir of the former owner(s) that meets the Threshold Eligibility Criteria outlined above, and who has properly filed a CLT homeownership application will be given special consideration.
4. Need: In general, the Sitka Community Land Trust will give consideration to the lower-income household. The Sitka Community Land Trust will give special consideration to households facing immediate or near-term displacement, especially if children are involved.
5. Application on File. Length of time which a household's application for homeownership has been on file.
6. Community Land Trust Homeownership: The Sitka Community Land Trust wishes to link with other resale restricted housing organizations in other communities to provide the same kind of mobility within the "resale-restricted" housing market as exists in the unrestricted housing marketplace. In other words, Sitka Community Land Trust desires to enable CLT homeowners to convert their "limited" equity stake in one community into another such home ownership option in another community. Thus, length of ownership of a Sitka Community Land Trust home, and/or the length of ownership of a home in another CLT will be considered. Involvement in the Sitka Community Land Trust's operation and general activities will also be considered.

7. First-time homebuyers. Defined as someone who has not owned a principal residence in the past three years; or a single parent who may have owned a home with a former spouse in the past three years but now no longer resides there.
8. Appropriate Size - (i.e. matching household size to unit size). In general, households consisting of the number of persons appropriate for the unit size will be given preference.

#### **IV. APPLICATION PROCESS**

The following application process is not necessarily sequential in nature. However, each component of the process is essential to ensure that each of the Sitka Community Land Trust's prospective homebuyers is fully informed regarding the fundamental details and atypical nature of the Sitka Community Land Trust's real estate transaction (i.e., involving a leasehold interest in the land and restrictions imbedded in the ground lease agreement on the resale of the improvements located on the leased premises.)

A. OUTREACH & MARKETING. Applicant responds to project specific marketing or general community outreach by contacting any one of the following for project specific, or general (as the case may be), information.

1. Sitka Community Land Trust
2. Alaska Housing Finance Corporation (AHFC) Homebuyer Education Program
3. Local lenders willing to provide mortgage financing for qualified Sitka CLT homebuyers
4. Realtors listing CLT homes, if applicable

B. INFORMATION/ORIENTATION SESSION. Applicant is advised of the next periodically scheduled Sitka Community Land Trust information/orientation session. Attendance at one or more of these sessions is required.

C. APPLICATION REVIEW. Applicant is provided with an application form to complete and return to Sitka Community Land Trust staff. Assistance with filling out application will be provided by staff on an as-needed basis. Staff will first review application to determine applicant's eligibility within established threshold and secondary criteria. Staff determines whether applicant is likely to qualify for currently available housing units (or for the general waiting list, as the case may be).

D. HOME BUYER TRAINING. Applicant is directed to periodically scheduled sessions conducted by local lenders or Alaska Housing Finance Corporation (AHFC.) Applicant is advised to meet with local lender for a mortgage "pre-qualification" session to determine whether applicant is likely to obtain mortgage financing approval.

E. INTERVIEW. Staff and/or Selection Committee schedule and conduct personal interview with applicant household.

F. PRELIMINARY APPROVAL / DENIAL. Following mortgage "pre-qualification", reference checks and verifications, Selection Committee may preliminarily approve or deny an application. Qualified individuals/households will be so notified and placed on a waiting list to participate in the selection process for particular housing opportunities, as they become



available. Applicants that do not meet application criteria will be so notified in writing. Staff or Selection Committee may provide tips or advise on how the applicant may improve financial or other obstacles to a successful application.

G. SELECTION PROCESS. The selection process for each housing opportunity may vary depending on the number of eligible and qualified persons on the waiting list relative to the number of housing opportunities available at a particular time. In general the selection process will be conducted according to the steps outlined in Section V below.

H. PURCHASE AND SALES CONTRACT / FORMAL MORTGAGE APPLICATION / ADVANCED ORIENTATION SESSION. The applicant and the Sitka Community Land Trust sign a purchase and sale agreement. Applicant applies for mortgage financing. On a case-by-case basis, assistance with completing application for mortgage financing may be available from the Sitka Community Land Trust Staff or a Selection Committee member. A detailed review of the Sitka Community Land Trust Ground Lease and other legal documents associated with a particular transaction is scheduled with applicant.

I. MORTGAGE APPLICATION PROCESSING AND CLOSING Applicant moves through the mortgage application and approval process.

J. INDEPENDENT LEGAL REVIEW. Applicant must, at applicant's expense, meet with an attorney who reviews all the Sitka Community Land Trust legal documents on behalf of applicant and who provides independent advice and counsel regarding the transaction.

## V. SELECTION PROCESS

### A. WHO MAKES THE DECISION

#### 1. Regarding Threshold and Secondary Eligibility Criteria -

a) Selection Committee - The Sitka Community Development Corporation Board of Directors, shall appoint a Selection Committee consisting of at least one staff person and two Directors of the Corporation. The Selection Committee shall make a recommendation to the Board of Directors in a form acceptable to the Board regarding whether an application will be placed in the qualified applicant pool.

b) Board of Directors - The Board of Directors will have final say as to whether an applicant meets the threshold and/or secondary criteria discussed herein.

#### 2. Regarding Credit Risk and Overall Creditworthiness -

a) The mortgage underwriting guidelines of the lending programs available to the Sitka Community Land Trust's qualified homebuyers shall be the deciding

factors regarding credit risk and the overall creditworthiness of a particular applicant

## **B. HOW IS DECISION MADE**

### **1. Regarding Threshold and Secondary Eligibility Criteria -**

a) Using the definitions found in Appendix 1, staff will review both project-specific applications and general interest applications to determine whether the Threshold Criteria outlined above have been met. Applicants to be selected will come from among those who meet ***all*** of the Threshold Eligibility Criteria.

b) Once this pool of applicants is used up, or if there are more eligible and qualified applicants than housing opportunities available, applications will be considered based on a review of the Secondary Selection Considerations.

### **2. Regarding Secondary Selection Considerations -**

a) The Selection Committee may, at its discretion, and on a case-by-case basis, elect to either rank the Secondary Eligibility Criteria, or conduct a lottery among those eligible and qualified applicant households meeting one or more of the Secondary Selection Criteria.

b) Staff will provide to the Selection Committee a summary of its findings along with each applicant's application.

## APPENDIX 1 - DEFINITIONS

The Sitka Community Land Trust has adopted the following definitions for the purposes of assessing affordability and monitoring its ability to achieve its goals.

"Affordable" means that the monthly Occupancy Cost of a particular housing unit generally does not exceed 30% of household income. (See discussion of Housing Costs, defined below, for exceptions regarding single-family ownership housing.)

"Housing Debt-to-Income Ratio" (HDTI) means the maximum percentage of income which a particular lender will allow a household to spend on Housing Costs.

"Household" means a person, or group of persons who occupy the same housing unit as their primary residence.

"Median Income" shall be as set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development (HUD) pursuant to 42 U.S.C. Sec. 1437 *et seq.*

"Moderate-Income" shall mean a household whose combined gross annual income, adjusted for Household Size (defined below), does not exceed 120% of the Median Income for the Statistical Area within which the housing is located as defined by HUD or a successor agency.

"Low-Income" shall mean a household whose combined gross annual income, Adjusted for Household Size, does not exceed 80% of the Median Income for households of that size residing in the Statistical Area within which the housing is located.

"Very Low-Income" shall mean a household whose combined gross annual income, Adjusted for Household Size, does not exceed 50% of the Median Income for households of that size residing in the Statistical Area within which the housing is located

"Statistical Area(s)" shall be as set forth in regulations promulgated from time to time by the United States Department of Housing and Urban Development (HUD) pursuant to 42 U.S.C. Sec. 1437 *et seq.*

"Housing Cost": shall mean:

1. When measuring the affordability to a known household of a known unit size for "Single-Family" Ownership: the sum of the monthly payments due on
  - the mortgage (principal & interest); plus
  - the property taxes due on the property; plus
  - the hazard insurance policy; plus
  - the condominium or townhouse association fee, if applicable; plus
  - the Ground Lease Fee and Homeowner Repair and Replacement Reserve Fee, if applicable.

[NOTE: The housing-debt-to-income and total-household-debt-to-income ratios dictated by the underwriting guidelines for a particular mortgage program shall be controlling for the purpose of determining the maximum percentage of income allocable to these monthly Housing Costs.]

**Adjustment for Household Size** - In those instances when measuring the affordability of an actual unit to a known household, the median income for a household of that size, as determined by HUD, will be controlling.

In those instances when *projecting* affordability of a particular unit size to a targeted household income level, Adjustment for Household Size shall mean that the average median income of a one person and a two-person household will be used in determining whether a one-bedroom unit is affordable. Accordingly, the median income of a three-person household will be used in determining whether a two-bedroom unit is affordable. The average median income of a four person and a five-person household will be used in determining whether a three-bedroom unit is affordable. The median income of a six-person household will be used in determining whether a four-bedroom unit is affordable. The average median income of a seven-person and an eight-person household will be used in determining whether a five-bedroom unit is affordable

**APPENDIX 2 - HOME BUYER / LEASEHOLDER APPLICATION**

(Needs to be developed)



**APPENDIX 3 - Current AREA MEDIAN INCOMES BY HOUSEHOLD SIZE (U.S. Department of Housing and Urban Development)**

**A.FY 2014 INCOME LIMITS SUMMARY (U.S. DEPARTMENT OF HUD 01/22/2014)**

Sitka City and Borough, Alaska										
FY 2014 Income Limit Area	Median Income <a href="#">Click Here</a>	FY 2014 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Sitka City and Borough	\$78,700	Extremely Low (30%)	16550	18900	21250	23600	25500	27400	29300	31200
		Very Low (50%)	27550	31500	35450	39350	42500	45650	48800	51950
		60%	33060	37800	42540	47220	51000	54780	58560	62340
		Low (80%)	44100	50400	56700	62950	68000	73050	78100	83100

Alaska Business License # 928116

**Alaska Department of Commerce, Community, and Economic Development**

Division of Corporations, Business and Professional Licensing  
P.O. Box 110806, Juneau, Alaska 99811-0806

This is to certify that

**SITKA COMMUNITY DEVELOPMENT CORPORATION**

PO BOX 6461 SITKA AK 99835

owned by

SITKA COMMUNITY DEVELOPMENT CORPORATION

is licensed by the department to conduct business for the period

October 10, 2013 through December 31, 2015  
for the following line of business:

62 - Health Care and Social Assistance

This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.  
It is not transferable or assignable.

Susan K. Bell  
Commissioner



INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date:

AUG 04 2008

SITKA COMMUNITY DEVELOPMENT  
CORPORATION  
C/O TAMBI CALVERT  
PO BOX 6461  
SITKA, AK 99835-0000

Employer Identification Number:  
35-2292107  
DLN:  
608213002  
Contact Person:  
L. WAYNE BOTHE ID# 31462  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
December 31  
Public Charity Status:  
509(a)(2)  
Form 990 Required:  
Yes  
Effective Date of Exemption:  
October 26, 2006  
Contribution Deductibility:  
Yes  
Advance Ruling Ending Date:  
December 31, 2010  
Addendum Applies:  
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. During your advance ruling period, you will be treated as a public charity. Your advance ruling period begins with the effective date of your exemption and ends with advance ruling ending date shown in the heading of the letter.

Shortly before the end of your advance ruling period, we will send you Form 8734, Support Schedule for Advance Ruling Period. You will have 90 days after the end of your advance ruling period to return the completed form. We will then notify you, in writing, about your public charity status.

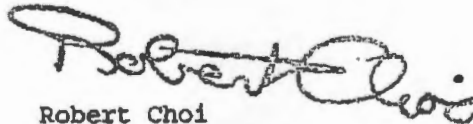
Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 1045 (DO/CG)

SITKA COMMUNITY DEVELOPMENT

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

A handwritten signature in black ink that reads "Robert Choi". The signature is written in a cursive style with a large, looping initial "R".

Robert Choi  
Director, Exempt Organizations  
Rulings and Agreements

Enclosures: Publication 4221-PC  
Statute Extension



Part X Public Charity Status (Continued)

- e 509(a)(4)—an organization organized and operated exclusively for testing for public safety.
- f 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- g 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- h 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- i A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.

6 If you checked box g, h, or i in question 5 above, you must request either an advance or a definitive ruling by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

- a Request for Advance Ruling: By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at [www.irs.gov](http://www.irs.gov) or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.

Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code

For Organization

*Linda Brandt*  
(Signature of Officer, Director, Trustee, or other authorized official)

Linda Brandt  
(Type or print name of signer)  
President  
(Type or print title or authority of signer)

7-12-2007  
(Date)

For IRS Use Only

*Robert [Signature]*

AUG 04 2008

IRS Director, Exempt Organizations

(Date)

- b Request for Definitive Ruling: Check this box if you have completed one tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii).

- (i) (a) Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses.
- (b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.
- (ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each disqualified person. If the answer is "None," check this box.
- (b) For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box.

- 7 Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual.  Yes  No



**Application for Recognition of Exemption  
 Under Section 501(c)(3) of the Internal Revenue Code**

Use the instructions to complete this application and for a definition of all **bold** items. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500. Visit our website at [www.irs.gov](http://www.irs.gov) for forms and publications. If the required information and documents are not submitted with payment of the appropriate user fee, the application may be returned to you.

Attach additional sheets to this application if you need more space to answer fully. Put your name and EIN on each sheet and identify each answer by Part and line number. Complete Parts I - XI of Form 1023 and submit only those Schedules (A through H) that apply to you.

**Part I Identification of Applicant**

<b>1</b> Full name of organization (exactly as it appears in your organizing document)		<b>2</b> c/o Name (if applicable)	
Sitka Community Development Corporation		Linda Brandt	
<b>3</b> Mailing address (Number and street) (see instructions)	Room/Suite	<b>4</b> Employer Identification Number (EIN)	
P.O. Box 6334		35-2292107	
City or town, state or country, and ZIP + 4		<b>5</b> Month the annual accounting period ends (01 - 12)	
Sitka, AK 99835		12	
<b>6</b> Primary contact (officer, director, trustee, or authorized representative)		<b>b</b> Phone: 907-747-8688	
a Name: Linda Brandt		<b>c</b> Fax: (optional)	
<b>7</b> Are you represented by an authorized representative, such as an attorney or accountant? If "Yes," provide the authorized representative's name, and the name and address of the authorized representative's firm. Include a completed Form 2848, <i>Power of Attorney and Declaration of Representative</i> , with your application if you would like us to communicate with your representative. <span style="float:right"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>			
<b>8</b> Was a person who is not one of your officers, directors, trustees, employees, or an authorized representative listed in line 7, paid, or promised payment, to help plan, manage, or advise you about the structure or activities of your organization, or about your financial or tax matters? If "Yes," provide the person's name, the name and address of the person's firm, the amounts paid or promised to be paid, and describe that person's role. <span style="float:right"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>			
<b>9a</b> Organization's website: (none at this time)			
<b>b</b> Organization's email: (optional)			
<b>10</b> Certain organizations are not required to file an information return (Form 990 or Form 990-EZ). If you are granted tax-exemption, are you claiming to be excused from filing Form 990 or Form 990-EZ? If "Yes," explain. See the instructions for a description of organizations not required to file Form 990 or Form 990-EZ. <span style="float:right"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span>			
<b>11</b> Date incorporated if a corporation, or formed, if other than a corporation. (MM/DD/YYYY) 10 / 26 / 2006			
<b>12</b> Were you formed under the laws of a foreign country? <span style="float:right"><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</span> If "Yes," state the country.			



**Part II Organizational Structure**

You must be a corporation (including a limited liability company), an unincorporated association, or a trust to be tax exempt. (See instructions.) **DO NOT file this form unless you can check "Yes" on lines 1, 2, 3, or 4.**

- 1 Are you a **corporation**? If "Yes," attach a copy of your articles of incorporation showing **certification of filing** with the appropriate state agency. Include copies of any amendments to your articles and be sure they also show state filing certification.  Yes  No
- 2 Are you a **limited liability company (LLC)**? If "Yes," attach a copy of your articles of organization showing certification of filing with the appropriate state agency. Also, if you adopted an operating agreement, attach a copy. Include copies of any amendments to your articles and be sure they show state filing certification. Refer to the instructions for circumstances when an LLC should not file its own exemption application.  Yes  No
- 3 Are you an **unincorporated association**? If "Yes," attach a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments.  Yes  No
- 4a Are you a **trust**? If "Yes," attach a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments.  Yes  No
- b Have you been funded? If "No," explain how you are formed without anything of value placed in trust.  Yes  No
- 5 Have you adopted **bylaws**? If "Yes," attach a current copy showing date of adoption. If "No," explain how your officers, directors, or trustees are selected.  Yes  No

**Part III Required Provisions in Your Organizing Document**

The following questions are designed to ensure that when you file this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3). Unless you can check the boxes in both lines 1 and 2, your organizing document does not meet the organizational test. **DO NOT file this application until you have amended your organizing document.** Submit your original and amended organizing documents (showing state filing certification if you are a corporation or an LLC) with your application.

- 1 Section 501(c)(3) requires that your organizing document state your exempt purpose(s), such as charitable, religious, educational, and/or scientific purposes. Check the box to confirm that your organizing document meets this requirement. Describe specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document. Refer to the instructions for exempt purpose language. Location of Purpose Clause (Page, Article, and Paragraph): Page 1, Article 3, Paragraph 1
- 2a Section 501(c)(3) requires that upon dissolution of your organization, your remaining assets must be used exclusively for exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Check the box on line 2a to confirm that your organizing document meets this requirement by express provision for the distribution of assets upon dissolution. If you rely on state law for your dissolution provision, do not check the box on line 2a and go to line 2c.
- 2b If you checked the box on line 2a, specify the location of your dissolution clause (Page, Article, and Paragraph). Do not complete line 2c if you checked box 2a. Page 1, Article 4, Paragraph 3
- 2c See the instructions for information about the operation of state law in your particular state. Check this box if you rely on operation of state law for your dissolution provision and indicate the state: \_\_\_\_\_

**Part IV Narrative Description of Your Activities**

Using an attachment, describe your *past, present, and planned* activities in a narrative. If you believe that you have already provided some of this information in response to other parts of this application, you may summarize that information here and refer to the specific parts of the application for supporting details. You may also attach representative copies of newsletters, brochures, or similar documents for supporting details to this narrative. Remember that if this application is approved, it will be open for public inspection. Therefore, your narrative description of activities should be thorough and accurate. Refer to the instructions for information that must be included in your description.

**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors**

- 1a List the names, titles, and mailing addresses of all of your officers, directors, and trustees. For each person listed, state their total annual **compensation**, or proposed compensation, for all services to the organization, whether as an officer, employee, or other position. Use actual figures, if available. Enter "none" if no compensation is or will be paid. If additional space is needed, attach a separate sheet. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
Linda Brandt	President	P.O. Box 6334 Sitka, AK 99835	none
George Ridley	Vice President	P.O. Box 41 Sitka, AK 99835	none
Nora Hanson	Secretary	P.O. Box 6395 Sitka, AK 99835	none
Tambi Calvert	Treasurer	P.O. Box 6223 Sitka, AK 99835	none
4 other Directors	see Attachment, Part V		



**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

**b** List the names, titles, and mailing addresses of each of your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation. Do not include officers, directors, or trustees listed in line 1a.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
<b>No Employees</b>		.....	
		.....	
		.....	
		.....	
		.....	

**c** List the names, names of businesses, and mailing addresses of your five highest compensated independent contractors that receive or will receive compensation of more than \$50,000 per year. Use the actual figure, if available. Refer to the instructions for information on what to include as compensation.

Name	Title	Mailing address	Compensation amount (annual actual or estimated)
<b>No Contractors</b>		.....	
		.....	
		.....	
		.....	
		.....	

The following "Yes" or "No" questions relate to *past, present, or planned* relationships, transactions, or agreements with your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, and 1c.

**2a** Are any of your officers, directors, or trustees **related** to each other through **family or business relationships**? If "Yes," identify the individuals and explain the relationship.  Yes  No

**b** Do you have a business relationship with any of your officers, directors, or trustees other than through their position as an officer, director, or trustee? If "Yes," identify the individuals and describe the business relationship with each of your officers, directors, or trustees.  Yes  No

**c** Are any of your officers, directors, or trustees related to your highest compensated employees or highest compensated independent contractors listed on lines 1b or 1c through family or business relationships? If "Yes," identify the individuals and explain the relationship.  Yes  No

**3a** For each of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c, attach a list showing their name, qualifications, average hours worked, and duties.

**b** Do any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, or 1c receive compensation from any other organizations, whether tax exempt or taxable, that are related to you through **common control**? If "Yes," identify the individuals, explain the relationship between you and the other organization, and describe the compensation arrangement.  Yes  No

**4** In establishing the compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed on lines 1a, 1b, and 1c, the following practices are recommended, although they are not required to obtain exemption. Answer "Yes" to all the practices you use.

**a** Do you or will the individuals that approve compensation arrangements follow a conflict of interest policy?  Yes  No

**b** Do you or will you approve compensation arrangements in advance of paying compensation?  Yes  No

**c** Do you or will you document in writing the date and terms of approved compensation arrangements?  Yes  No



**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

- d** Do you or will you record in writing the decision made by each individual who decided or voted on compensation arrangements?  Yes  No
- e** Do you or will you approve compensation arrangements based on information about compensation paid by **similarly situated** taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  Yes  No
- f** Do you or will you record in writing both the information on which you relied to base your decision and its source?  Yes  No
- g** If you answered "No" to any item on lines 4a through 4f, describe how you set compensation that is **reasonable** for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c.

- 5a** Have you adopted a **conflict of interest policy** consistent with the sample conflict of interest policy in Appendix A to the instructions? If "Yes," provide a copy of the policy and explain how the policy has been adopted, such as by resolution of your governing board. If "No," answer lines 5b and 5c.  Yes  No
- b** What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you for setting their own compensation?
- c** What procedures will you follow to assure that persons who have a conflict of interest will not have influence over you regarding business deals with themselves?

**Note:** A conflict of interest policy is recommended though it is not required to obtain exemption. Hospitals, see Schedule C, Section I, line 14.

- 6a** Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors listed in lines 1a, 1b, or 1c through **non-fixed payments**, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  Yes  No
- b** Do you or will you compensate any of your employees, other than your officers, directors, trustees, or your five highest compensated employees who receive or will receive compensation of more than \$50,000 per year, through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are or will be determined, who is or will be eligible for such arrangements, whether you place or will place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. Refer to the instructions for Part V, lines 1a, 1b, and 1c, for information on what to include as compensation.  Yes  No

- 7a** Do you or will you purchase any goods, services, or assets from any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such purchase that you made or intend to make, from whom you make or will make such purchases, how the terms are or will be negotiated at **arm's length**, and explain how you determine or will determine that you pay no more than **fair market value**. Attach copies of any written contracts or other agreements relating to such purchases.  Yes  No
- b** Do you or will you sell any goods, services, or assets to any of your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," describe any such sales that you made or intend to make, to whom you make or will make such sales, how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you are or will be paid at least fair market value. Attach copies of any written contracts or other agreements relating to such sales.  Yes  No

- 8a** Do you or will you have any leases, contracts, loans, or other agreements with your officers, directors, trustees, highest compensated employees, or highest compensated independent contractors listed in lines 1a, 1b, or 1c? If "Yes," provide the information requested in lines 8b through 8f.  Yes  No
- b** Describe any written or oral arrangements that you made or intend to make.
- c** Identify with whom you have or will have such arrangements.
- d** Explain how the terms are or will be negotiated at arm's length.
- e** Explain how you determine you pay no more than fair market value or you are paid at least fair market value.
- f** Attach copies of any signed leases, contracts, loans, or other agreements relating to such arrangements.

- 9a** Do you or will you have any leases, contracts, loans, or other agreements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If "Yes," provide the information requested in lines 9b through 9f.  Yes  No



**Part V Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors (Continued)**

- b Describe any written or oral arrangements you made or intend to make.
- c Identify with whom you have or will have such arrangements.
- d Explain how the terms are or will be negotiated at arm's length.
- e Explain how you determine or will determine you pay no more than fair market value or that you are paid at least fair market value.
- f Attach a copy of any signed leases, contracts, loans, or other agreements relating to such arrangements.

**Part VI Your Members and Other Individuals and Organizations That Receive Benefits From You**

The following "Yes" or "No" questions relate to goods, services, and funds you provide to individuals and organizations as part of your activities. Your answers should pertain to *past*, *present*, and *planned* activities. (See instructions.)

- 1a In carrying out your exempt purposes, do you provide goods, services, or funds to individuals? If "Yes," describe each program that provides goods, services, or funds to individuals.  Yes  No
- b In carrying out your exempt purposes, do you provide goods, services, or funds to organizations? If "Yes," describe each program that provides goods, services, or funds to organizations.  Yes  No
- 2 Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes," if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program.  Yes  No
- 3 Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors listed in Part V, lines 1a, 1b, and 1c? If "Yes," explain how these related individuals are eligible for goods, services, or funds.  Yes  No

**Part VII Your History**

The following "Yes" or "No" questions relate to your history. (See instructions.)

- 1 Are you a successor to another organization? Answer "Yes," if you have taken or will take over the activities of another organization; you took over 25% or more of the fair market value of the net assets of another organization; or you were established upon the conversion of an organization from for-profit to non-profit status. If "Yes," complete Schedule G.  Yes  No
- 2 Are you submitting this application more than 27 months after the end of the month in which you were legally formed? If "Yes," complete Schedule E.  Yes  No

**Part VIII Your Specific Activities**

The following "Yes" or "No" questions relate to specific activities that you may conduct. Check the appropriate box. Your answers should pertain to *past*, *present*, and *planned* activities. (See instructions.)

- 1 Do you support or oppose candidates in political campaigns in any way? If "Yes," explain.  Yes  No
- 2a Do you attempt to influence legislation? If "Yes," explain how you attempt to influence legislation and complete line 2b. If "No," go to line 3a.  Yes  No
- b Have you made or are you making an election to have your legislative activities measured by expenditures by filing Form 5768? If "Yes," attach a copy of the Form 5768 that was already filed or attach a completed Form 5768 that you are filing with this application. If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities.  Yes  No
- 3a Do you or will you operate bingo or gaming activities? If "Yes," describe who conducts them, and list all revenue received or expected to be received and expenses paid or expected to be paid in operating these activities. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data.  Yes  No
- b Do you or will you enter into contracts or other agreements with individuals or organizations to conduct bingo or gaming for you? If "Yes," describe any written or oral arrangements that you made or intend to make, identify with whom you have or will have such arrangements, explain how the terms are or will be negotiated at arm's length, and explain how you determine or will determine you pay no more than fair market value or you will be paid at least fair market value. Attach copies or any written contracts or other agreements relating to such arrangements.  Yes  No
- c List the states and local jurisdictions, including Indian Reservations, in which you conduct or will conduct gaming or bingo.



**Part VIII Your Specific Activities (Continued)**

**4a** Do you or will you undertake **fundraising**? If "Yes," check all the fundraising programs you do or will conduct. (See instructions.)  **Yes**  **No**

- mail solicitations
- phone solicitations
- email solicitations
- accept donations on your website
- personal solicitations
- receive donations from another organization's website
- vehicle, boat, plane, or similar donations
- government grant solicitations
- foundation grant solicitations
- Other

Attach a description of each fundraising program.

**b** Do you or will you have written or oral contracts with any individuals or organizations to raise funds for you? If "Yes," describe these activities. Include all revenue and expenses from these activities and state who conducts them. Revenue and expenses should be provided for the time periods specified in Part IX, Financial Data. Also, attach a copy of any contracts or agreements.  **Yes**  **No**

**c** Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements. Include a description of the organizations for which you raise funds and attach copies of all contracts or agreements.  **Yes**  **No**

**d** List all states and local jurisdictions in which you conduct fundraising. For each state or local jurisdiction listed, specify whether you fundraise for your own organization, you fundraise for another organization, or another organization fundraises for you.

**e** Do you or will you maintain separate accounts for any contributor under which the contributor has the right to advise on the use or distribution of funds? Answer "Yes" if the donor may provide advice on the types of investments, distributions from the types of investments, or the distribution from the donor's contribution account. If "Yes," describe this program, including the type of advice that may be provided and submit copies of any written materials provided to donors.  **Yes**  **No**

**5** Are you **affiliated** with a governmental unit? If "Yes," explain.  **Yes**  **No**

**6a** Do you or will you engage in **economic development**? If "Yes," describe your program.  **Yes**  **No**

**b** Describe in full who benefits from your economic development activities and how the activities promote exempt purposes.

**7a** Do or will persons other than your employees or volunteers **develop** your facilities? If "Yes," describe each facility, the role of the developer, and any business or family relationship(s) between the developer and your officers, directors, or trustees.  **Yes**  **No**

**b** Do or will persons other than your employees or volunteers **manage** your activities or facilities? If "Yes," describe each activity and facility, the role of the manager, and any business or family relationship(s) between the manager and your officers, directors, or trustees.  **Yes**  **No**

**c** If there is a business or family relationship between any manager or developer and your officers, directors, or trustees, identify the individuals, explain the relationship, describe how contracts are negotiated at arm's length so that you pay no more than fair market value, and submit a copy of any contracts or other agreements.

**8** Do you or will you enter into **joint ventures**, including partnerships or **limited liability companies** treated as partnerships, in which you share profits and losses with partners other than section 501(c)(3) organizations? If "Yes," describe the activities of these joint ventures in which you participate.  **Yes**  **No**

**9a** Are you applying for exemption as a childcare organization under section 501(k)? If "Yes," answer lines 9b through 9d. If "No," go to line 10.  **Yes**  **No**

**b** Do you provide child care so that parents or caretakers of children you care for can be **gainfully employed** (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).  **Yes**  **No**

**c** Of the children for whom you provide child care, are 85% or more of them cared for by you to enable their parents or caretakers to be gainfully employed (see instructions)? If "No," explain how you qualify as a childcare organization described in section 501(k).  **Yes**  **No**

**d** Are your services available to the general public? If "No," describe the specific group of people for whom your activities are available. Also, see the instructions and explain how you qualify as a childcare organization described in section 501(k).  **Yes**  **No**

**10** Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other **intellectual property**? If "Yes," explain. Describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed.  **Yes**  **No**



**Part VIII Your Specific Activities (Continued)**

- 11** Do you or will you accept contributions of: real property; conservation easements; closely held securities; intellectual property such as patents, trademarks, and copyrights; works of music or art; licenses; royalties; automobiles, boats, planes, or other vehicles; or collectibles of any type? If "Yes," describe each type of contribution, any conditions imposed by the donor on the contribution, and any agreements with the donor regarding the contribution.  **Yes**  **No**
- 
- 12a** Do you or will you operate in a **foreign country** or **countries**? If "Yes," answer lines 12b through 12d. If "No," go to line 13a.  **Yes**  **No**
- b** Name the foreign countries and regions within the countries in which you operate.
- c** Describe your operations in each country and region in which you operate.
- d** Describe how your operations in each country and region further your exempt purposes.
- 
- 13a** Do you or will you make grants, loans, or other distributions to organization(s)? If "Yes," answer lines 13b through 13g. If "No," go to line 14a.  **Yes**  **No**
- b** Describe how your grants, loans, or other distributions to organizations further your exempt purposes.
- c** Do you have written contracts with each of these organizations? If "Yes," attach a copy of each contract.  **Yes**  **No**
- d** Identify each recipient organization and any **relationship** between you and the recipient organization.
- e** Describe the records you keep with respect to the grants, loans, or other distributions you make.
- f** Describe your selection process, including whether you do any of the following:
- (i) Do you require an application form? If "Yes," attach a copy of the form.  **Yes**  **No**
- (ii) Do you require a grant proposal? If "Yes," describe whether the grant proposal specifies your responsibilities and those of the grantee, obligates the grantee to use the grant funds only for the purposes for which the grant was made, provides for periodic written reports concerning the use of grant funds, requires a final written report and an accounting of how grant funds were used, and acknowledges your authority to withhold and/or recover grant funds in case such funds are, or appear to be, misused.  **Yes**  **No**
- g** Describe your procedures for oversight of distributions that assure you the resources are used to further your exempt purposes, including whether you require periodic and final reports on the use of resources.
- 
- 14a** Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," answer lines 14b through 14f. If "No," go to line 15.  **Yes**  **No**
- b** Provide the name of each foreign organization, the country and regions within a country in which each foreign organization operates, and describe any relationship you have with each foreign organization.
- c** Does any foreign organization listed in line 14b accept contributions earmarked for a specific country or specific organization? If "Yes," list all earmarked organizations or countries.  **Yes**  **No**
- d** Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors.  **Yes**  **No**
- e** Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information.  **Yes**  **No**
- f** Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including site visits by your employees or compliance checks by impartial experts, to verify that grant funds are being used appropriately.  **Yes**  **No**

**Part VIII Your Specific Activities (Continued)**

- 15** Do you have a **close connection** with any organizations? If "Yes," explain.  Yes  No
- 16** Are you applying for exemption as a **cooperative hospital service organization** under section 501(e)? If "Yes," explain.  Yes  No
- 17** Are you applying for exemption as a **cooperative service organization of operating educational organizations** under section 501(f)? If "Yes," explain.  Yes  No
- 18** Are you applying for exemption as a **charitable risk pool** under section 501(n)? If "Yes," explain.  Yes  No
- 19** Do you or will you operate a **school**? If "Yes," complete Schedule B. Answer "Yes," whether you operate a school as your main function or as a secondary activity.  Yes  No
- 20** Is your main function to provide **hospital or medical care**? If "Yes," complete Schedule C.  Yes  No
- 21** Do you or will you provide **low-income housing** or housing for the **elderly or handicapped**? If "Yes," complete Schedule F.  Yes  No
- 22** Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H.  Yes  No

**Note:** Private foundations may use Schedule H to request advance approval of individual grant procedures.

**Part IX Financial Data**

For purposes of this schedule, years in existence refer to completed tax years. If in existence 4 or more years, complete the schedule for the most recent 4 tax years. If in existence more than 1 year but less than 4 years, complete the statements for each year in existence and provide projections of your likely revenues and expenses based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. If in existence less than 1 year, provide projections of your likely revenues and expenses for the current year and the 2 following years, based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. (See instructions.)

**A. Statement of Revenues and Expenses**

Type of revenue or expense	Current tax year		3 prior tax years or 2 succeeding tax years		(e) Provide Total for (a) through (d)
	(a) From 01/2007 To 12/2007	(b) From 01/2008 To 12/2008	(c) From 01/2009 To 12/2009	(d) From ..... To .....	
<b>Revenues</b>					
1 Gifts, grants, and contributions received (do not include unusual grants)	5,000	40,000	30,000		75,000
2 Membership fees received					
3 Gross investment income					
4 Net unrelated business income					
5 Taxes levied for your benefit					
6 Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)					
7 Any revenue not otherwise listed above or in lines 9-12 below (attach an itemized list)					
8 Total of lines 1 through 7	5,000	40,000	30,000		75,000
9 Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (attach itemized list)					
10 Total of lines 8 and 9	5,000	40,000	30,000		75,000
11 Net gain or loss on sale of capital assets (attach schedule and see instructions)					
12 Unusual grants					
13 Total Revenue Add lines 10 through 12	5,000	40,000	30,000		75,000
<b>Expenses</b>					
14 Fundraising expenses					
15 Contributions, gifts, grants, and similar amounts paid out (attach an itemized list)					
16 Disbursements to or for the benefit of members (attach an itemized list)					
17 Compensation of officers, directors, and trustees					
18 Other salaries and wages		25,000	25,000		
19 Interest expense					
20 Occupancy (rent, utilities, etc.)		9,000	9,000		
21 Depreciation and depletion					
22 Professional fees	2,500	1,000	1,000		
23 Any expense not otherwise classified, such as program services (attach itemized list)					
24 Total Expenses Add lines 14 through 23	2,500	35,000	35,000		



**Part IX Financial Data (Continued)**

**B. Balance Sheet (for your most recently completed tax year)**

Year End:  
(Whole dollars)

Assets			
1	Cash . . . . .	1	
2	Accounts receivable, net . . . . .	2	
3	Inventories . . . . .	3	
4	Bonds and notes receivable (attach an itemized list) . . . . .	4	
5	Corporate stocks (attach an itemized list) . . . . .	5	
6	Loans receivable (attach an itemized list) . . . . .	6	
7	Other investments (attach an itemized list) . . . . .	7	
8	Depreciable and depletable assets (attach an itemized list) . . . . .	8	
9	Land . . . . .	9	
10	Other assets (attach an itemized list) . . . . .	10	
11	Total Assets (add lines 1 through 10) . . . . .	11	0
Liabilities			
12	Accounts payable . . . . .	12	0
13	Contributions, gifts, grants, etc. payable . . . . .	13	
14	Mortgages and notes payable (attach an itemized list) . . . . .	14	
15	Other liabilities (attach an itemized list) . . . . .	15	
16	Total Liabilities (add lines 12 through 15) . . . . .	16	
Fund Balances or Net Assets			
17	Total fund balances or net assets . . . . .	17	0
18	Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17) . . . . .	18	0
19	Have there been any substantial changes in your assets or liabilities since the end of the period shown above? If "Yes," explain.		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Part X Public Charity Status**

Part X is designed to classify you as an organization that is either a **private foundation** or a **public charity**. Public charity status is a more favorable tax status than private foundation status. If you are a private foundation, Part X is designed to further determine whether you are a **private operating foundation**. (See instructions.)

- 1a Are you a private foundation? If "Yes," go to line 1b. If "No," go to line 5 and proceed as instructed.  Yes  No  
If you are unsure, see the instructions.
- b As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check the box to confirm that your organizing document meets this requirement, whether by express provision or by reliance on operation of state law. Attach a statement that describes specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document or by operation of state law. See the instructions, including Appendix B, for information about the special provisions that need to be contained in your organizing document. Go to line 2.
- 2 Are you a private operating foundation? To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations. If "Yes," go to line 3. If "No," go to the signature section of Part XI.  Yes  No
- 3 Have you existed for one or more years? If "Yes," attach financial information showing that you are a private operating foundation; go to the signature section of Part XI. If "No," continue to line 4.  Yes  No
- 4 Have you attached either (1) an affidavit or opinion of counsel, (including a written affidavit or opinion from a certified public accountant or accounting firm with expertise regarding this tax law matter), that sets forth facts concerning your operations and support to demonstrate that you are likely to satisfy the requirements to be classified as a private operating foundation; or (2) a statement describing your proposed operations as a private operating foundation?  Yes  No
- 5 If you answered "No" to line 1a, indicate the type of public charity status you are requesting by checking one of the choices below. You may check only one box.  
The organization is not a private foundation because it is:
  - a 509(a)(1) and 170(b)(1)(A)(i)—a church or a convention or association of churches. Complete and attach Schedule A.
  - b 509(a)(1) and 170(b)(1)(A)(ii)—a school. Complete and attach Schedule B.
  - c 509(a)(1) and 170(b)(1)(A)(iii)—a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete and attach Schedule C.
  - d 509(a)(3)—an organization supporting either one or more organizations described in line 5a through c, f, g, or h or a publicly supported section 501(c)(4), (5), or (6) organization. Complete and attach Schedule D.

**Part X Public Charity Status (Continued)**


- e 509(a)(4)—an organization organized and operated exclusively for testing for public safety.
- f 509(a)(1) and 170(b)(1)(A)(iv)—an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- g 509(a)(1) and 170(b)(1)(A)(vi)—an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- h 509(a)(2)—an organization that normally receives not more than one-third of its financial support from gross **investment income** and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- i A publicly supported organization, but unsure if it is described in 5g or 5h. The organization would like the IRS to decide the correct status.

**6** If you checked box g, h, or i in question 5 above, you must request either an **advance** or a **definitive ruling** by selecting one of the boxes below. Refer to the instructions to determine which type of ruling you are eligible to receive.

- a **Request for Advance Ruling:** By checking this box and signing the consent, pursuant to section 6501(c)(4) of the Code you request an advance ruling and agree to extend the statute of limitations on the assessment of excise tax under section 4940 of the Code. The tax will apply only if you do not establish public support status at the end of the 5-year advance ruling period. The assessment period will be extended for the 5 advance ruling years to 8 years, 4 months, and 15 days beyond the end of the first year. You have the right to refuse or limit the extension to a mutually agreed-upon period of time or issue(s). Publication 1035, *Extending the Tax Assessment Period*, provides a more detailed explanation of your rights and the consequences of the choices you make. You may obtain Publication 1035 free of charge from the IRS web site at [www.irs.gov](http://www.irs.gov) or by calling toll-free 1-800-829-3676. Signing this consent will not deprive you of any appeal rights to which you would otherwise be entitled. If you decide not to extend the statute of limitations, you are not eligible for an advance ruling.

**Consent Fixing Period of Limitations Upon Assessment of Tax Under Section 4940 of the Internal Revenue Code**

For Organization

  
 (Signature of Officer, Director, Trustee, or other authorized official)

**Linda Brandt**  
 (Type or print name of signer)

**7-12-2007**  
 (Date)

**President**  
 (Type or print title or authority of signer)

For IRS Use Only

.....  
 IRS Director, Exempt Organizations

.....  
 (Date)

- b Request for Definitive Ruling:** Check this box if you have completed the tax year of at least 8 full months and you are requesting a definitive ruling. To confirm your public support status, answer line 6b(i) if you checked box g in line 5 above. Answer line 6b(ii) if you checked box h in line 5 above. If you checked box i in line 5 above, answer both lines 6b(i) and (ii).

- (i) (a) Enter 2% of line 8, column (e) on Part IX-A. Statement of Revenues and Expenses. \_\_\_\_\_
- (b) Attach a list showing the name and amount contributed by each person, company, or organization whose gifts totaled more than the 2% amount. If the answer is "None," check this box.
- (ii) (a) For each year amounts are included on lines 1, 2, and 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each **disqualified person**. If the answer is "None," check this box.
- (b) For each year amounts are included on line 9 of Part IX-A. Statement of Revenues and Expenses, attach a list showing the name of and amount received from each payer, other than a disqualified person, whose payments were more than the larger of (1) 1% of line 10, Part IX-A. Statement of Revenues and Expenses, or (2) \$5,000. If the answer is "None," check this box.

- 7** Did you receive any unusual grants during any of the years shown on Part IX-A. Statement of Revenues and Expenses? If "Yes," attach a list including the name of the contributor, the date and amount of the grant, a brief description of the grant, and explain why it is unusual.  Yes  No


**Part XI User Fee Information**

You must include a user fee payment with this application. It will not be processed without your paid user fee. If your average annual gross receipts have exceeded or will exceed \$10,000 annually over a 4-year period, you must submit payment of \$750. If your gross receipts have not exceeded or will not exceed \$10,000 annually over a 4-year period, the required user fee payment is \$300. See instructions for Part XI, for a definition of **gross receipts** over a 4-year period. Your check or money order must be made payable to the United States Treasury. *User fees are subject to change. Check our website at [www.irs.gov](http://www.irs.gov) and type "User Fee" in the keyword box, or call Customer Account Services at 1-877-829-5500 for current information.*

- 1 Have your annual gross receipts averaged or are they expected to average not more than \$10,000?  **Yes**  **No**  
 If "Yes," check the box on line 2 and enclose a user fee payment of \$300 (Subject to change—see above).  
 If "No," check the box on line 3 and enclose a user fee payment of \$750 (Subject to change—see above).
- 2 Check the box if you have enclosed the reduced user fee payment of \$300 (Subject to change).
- 3 Check the box if you have enclosed the user fee payment of \$750 (Subject to change).

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

**Please Sign Here**

  
 (Signature of Officer, Director, Trustee, or other authorized official)

**Linda Brandt**  
 (Type or print name of signer)

**7-12-2007**  
 (Date)

**President**  
 (Type or print title or authority of signer)

**Reminder:** Send the completed Form 1023 Checklist with your filled-in-application.



**Schedule F. Homes for the Elderly or Handicapped and Low-Income Housing**

**Section I General Information About Your Housing**

**1** Describe the type of housing you provide.

**2** Provide copies of any application forms you use for admission.

**3** Explain how the public is made aware of your facility.

**4a** Provide a description of each facility.

**b** What is the total number of residents each facility can accommodate?

**c** What is your current number of residents in each facility?

**d** Describe each facility in terms of whether residents rent or purchase housing from you.

**5** Attach a sample copy of your residency or homeownership contract or agreement.

**6** Do you participate in any joint ventures? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. Also, submit copies of all joint venture agreements.  Yes  No

**Note.** Make sure your answer is consistent with the information provided in Part VIII, line 8.

**7** Do you or will you contract with another organization to develop, build, market, or finance your housing? If "Yes," explain how that entity is selected, explain how the terms of any contract(s) are negotiated at arm's length, and explain how you determine you will pay no more than fair market value for services.  Yes  No

**Note.** Make sure your answer is consistent with the information provided in Part VIII, line 7a.

**8** Do you or will you manage your activities or facilities through your own employees or volunteers? If "No," attach a statement describing the activities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and how these managers were or will be selected. Also, submit copies of any contracts, proposed contracts, or other agreements regarding the provision of management services for your activities or facilities. Explain how the terms of any contracts or other agreements were or will be negotiated, and explain how you determine you will pay no more than fair market value for services.  Yes  No

**Note.** Answer "Yes" if you do manage or intend to manage your programs through your own employees or by using volunteers. Answer "No" if you engage or intend to engage a separate organization or independent contractor. Make sure your answer is consistent with the information provided in Part VIII, line 7b.

**9** Do you participate in any government housing programs? If "Yes," describe these programs.  Yes  No

**10a** Do you own the facility? If "No," describe any enforceable rights you possess to purchase the facility in the future; go to line 10c. If "Yes," answer line 10b.  Yes  No

**b** How did you acquire the facility? For example, did you develop it yourself, purchase a project, etc. Attach all contracts, transfer agreements, or other documents connected with the acquisition of the facility.

**c** Do you lease the facility or the land on which it is located? If "Yes," describe the parties to the lease(s) and provide copies of all leases.  Yes  No



**Schedule F. Homes for the Elderly or Handicapped and Low-Income Housing (Continued)****Section II Homes for the Elderly or Handicapped**

- 1a** Do you provide housing for the elderly? If "Yes," describe who qualifies for your housing in terms of age, infirmity, or other criteria and explain how you select persons for your housing.  Yes  No
- b** Do you provide housing for the handicapped? If "Yes," describe who qualifies for your housing in terms of disability, income levels, or other criteria and explain how you select persons for your housing.  Yes  No
- 
- 2a** Do you charge an entrance or founder's fee? If "Yes," describe what this charge covers, whether it is a one-time fee, how the fee is determined, whether it is payable in a lump sum or on an installment basis, whether it is refundable, and the circumstances, if any, under which it may be waived.  Yes  No
- b** Do you charge periodic fees or maintenance charges? If "Yes," describe what these charges cover and how they are determined.  Yes  No
- c** Is your housing affordable to a significant segment of the elderly or handicapped persons in the community? Identify your **community**. Also, if "Yes," explain how you determine your housing is affordable.  Yes  No
- 
- 3a** Do you have an established policy concerning residents who become unable to pay their regular charges? If "Yes," describe your established policy.  Yes  No
- b** Do you have any arrangements with government welfare agencies or others to absorb all or part of the cost of maintaining residents who become unable to pay their regular charges? If "Yes," describe these arrangements.  Yes  No
- 
- 4** Do you have arrangements for the healthcare needs of your residents? If "Yes," describe these arrangements.  Yes  No
- 
- 5** Are your facilities designed to meet the physical, emotional, recreational, social, religious, and/or other similar needs of the elderly or handicapped? If "Yes," describe these design features.  Yes  No

**Section III Low-Income Housing**

- 1** Do you provide low-income housing? If "Yes," describe who qualifies for your housing in terms of income levels or other criteria, and describe how you select persons for your housing.  Yes  No
- 
- 2** In addition to rent or mortgage payments, do residents pay periodic fees or maintenance charges? If "Yes," describe what these charges cover and how they are determined.  Yes  No
- 
- 3a** Is your housing affordable to low income residents? If "Yes," describe how your housing is made affordable to low-income residents.  Yes  No
- Note.** Revenue Procedure 96-32, 1996-1 C.B. 717, provides guidelines for providing low-income housing that will be treated as charitable. (At least 75% of the units are occupied by low-income tenants or 40% are occupied by tenants earning not more than 120% of the very low-income levels for the area.)
- b** Do you impose any restrictions to make sure that your housing remains affordable to low-income residents? If "Yes," describe these restrictions.  Yes  No
- 
- 4** Do you provide social services to residents? If "Yes," describe these services.  Yes  No

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Sitka Community Development Corporation

July 27, 2007

## IRS Form-1023 Attachments

### **Part IV** Narrative Description of Your Activities

Sitka Community Development Corporation (SCDC) was incorporated on October 26, 2006 and filled its nine-member board of directors on February 12, 2007. To date and for the foreseeable next few months, the organization will have no paid staff and will operate purely on a voluntary basis. It is the intention of the board to first achieve nonprofit status, then apply to Alaska Housing Finance Corporation for the Community Housing Development Organization (CHDO) certification. Once the organization is recognized both as a nonprofit and as a CHDO, it then intends to hire one staff person and pursue affordable housing activities in the City and Borough of Sitka, Alaska.

The purpose of SCDC is to promote community development and provide decent housing that is affordable to low and moderate-income individuals and families in Sitka. Activities the organization may engage in include: acquiring, rehabilitating, constructing, converting, managing, selling, renting, and financing properties for housing; furnishing consulting services; collecting and disseminating information; providing community education and training; and applying for, receiving, and managing grants, donations, and loans; all pursuant to the purpose of affordable housing.

In the near future, SCDC plans to build modest homes and apartments affordable to low and moderate-income households, cooperate with local service nonprofit agencies to assess the need for transitional housing, teacher housing, senior housing, and housing for people with disabilities, study the legal procedures for forming community land trusts and homeowner associations, and educate the public on the steps to home ownership. As may be expected, future activities will depend on what opportunities arise, the outcome of the strategic planning session of the board, and the input and feedback from the general public.

### **Part V** Compensation and Other Financial Arrangements

**1a** List the names, titles, and mailing addresses of all of your officers, directors, and trustees... (*continued*)

Name	Title	Mailing Address	Compensation
Alicia Williams	Director	201 Katlian Str., 2002 Sitka, AK 99835	none
Karen Alexander	Director	410 Hollywood Way #L Sitka, AK 99835	none
Scott Brylinsky	Director	709 Biorka Street Sitka, AK 99835	none
Dave Elsensohn	Director	1714 Edgecumbe Dr. Sitka, AK 99835	none
(vacant)	Director		none

## 5a Conflict of interest policy.

In the Corporation Bylaws, Article VII, Section D addresses self-dealing:

*Directors may be reimbursed for an expense, authorized as provided in these bylaws. A director or a member of a director's immediate family may not receive payments from the funds of the corporation or directly benefit from a contract of the corporation unless (1) there has been full disclosure of the director's interest, payment, or contract, or (2) the board adopts a resolution that the action is in the best interest of the corporation, and (3) the director does not vote on the action which authorizes the payment or contract. A director or a director's family members may not receive housing benefits available as a result of the activities of the corporation unless (1) the director does not vote on a proposal to the board to authorize the benefits, and (2) the director or family member competes on an equal basis with all other persons eligible for the benefits.*

Also in the Corporation Bylaws, Article II, Section B addresses no private inurement:

*No part of the net earnings of the corporation shall inure to the benefit of or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section A above.*

## **Part VI** Individuals and Organizations that Receive Benefits

### 1a Do you provide goods, services, or funds to individuals?

SCDC will provide educational services to any interested member of the public regarding housing options and steps toward home ownership. In the future, if or when real estate projects are completed, SCDC intends to rent or sell housing units at an affordable and regulated rent or sales price.

### 1b Do you provide goods, services, or funds to organizations?

SCDC intends to work with other local service nonprofit agencies to assess their need for special needs housing such as transitional housing, senior housing, and housing for people with disabilities. These consulting services may be provided free of charge to the other organizations as part of SCDC's purpose. If SCDC enters into a joint venture with another nonprofit agency to develop appropriate affordable housing, SCDC will charge a developer fee appropriate for the scale of the project.

### 2 Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals?

---

Affordable housing projects and programs are income-based, thus the groups served by SCDC's activities will most likely have to qualify under certain household income limits, which are determined by various state and federal laws associated with the various funding sources. For rentals, other usual property management practices will be followed, such as determining the tenant's ability to pay rent based on income stability, rental history, and credit check.

- 3 Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or employees?

To date, no one has received goods, services, or funds through SCDC because the organization does not have any programs. It is possible that persons related to officers, directors, or employees may be income-eligible for future SCDC programs. Following SCDC bylaws, under such a circumstance, the persons in question must compete on an equal basis with all other persons eligible for the benefits as established in the program guidelines.

## **Part VIII Specific Activities**

- 2a Do you attempt to influence legislation?

SCDC will not directly contact or urge the public to contact members of a legislative body for the purpose of proposing, supporting, or opposing legislation. However, when legislation related to affordable housing is debated, SCDC as an organization or members of its board may testify and advocate the adoption or rejection of such legislation. The amount of time and funds spent on such legislative activities shall be negligible and may sum up to a few minutes outside of regular work hours and no funds expended for some testimonies or letters to the legislative body. SCDC does not anticipate any other attempts to influence legislation.

- 2b Describe whether your attempts to influence legislation are a substantial part of your activities.

Attempts to influence legislation are not and will not be a substantial part of SCDC activities. To date, no time and no funds have been expended to influence legislation.

- 4a Fundraising programs.

To date, SCDC has not conducted a fundraising program. SCDC anticipates that the primary source of its future project-based funding will come from the Alaska Housing Finance Corporation (AHFC), a state government grant and funding source. In addition, SCDC may apply for Rasmuson Foundation grants, Denali Commission grants, USDA Rural Development loans and grants, and local banking institutions' Community Reinvestment Act loans and grants.

- 4d State and local jurisdictions.

SCDC will fundraise for itself in Sitka, Alaska. Some grant programs may be located in other parts of Alaska, but SCDC's fundraising efforts will be based in Sitka.

- 4e Separate accounts under which the contributor has the right to advise on the use or distribution of funds.

To date, SCDC has not received any contributions. SCDC anticipates that some future contributions may come attached with the right to advise on its use or distribution, such as funding designated for a project targeting a particular special needs population, for construction hard costs, or for administrative purposes of one particular program. SCDC



will keep separate accounts and honor the requests of contributors, as long as they contribute to the purpose of the organization.

**7a** Do or will persons other than your employees or volunteers develop your facilities?

Because of the complexity of real estate development, SCDC anticipates that it will act as project manager and contract out various components of the development process to experts and licensed professionals, such as licensed architects, tax credit lawyers, and licensed contractors. Facilities SCDC plans to develop may include rental and for sale housing and special needs homes such as transitional housing, senior housing, and housing for people with disabilities. SCDC does not anticipate any family relationships between the developer and the directors.

**7b** Do or will persons other than your employees or volunteers manage your facilities?

SCDC will manage and operate its own activities and the facilities that it owns. In cases where SCDC partners with another service nonprofit agency to develop a facility, SCDC will exit the partnership at the end of construction and the other service agency will own, manage, and operate such a facility, most likely a special needs facility that require separate expertise and licensing.

**8** Do you or will you enter into joint ventures?

SCDC may enter into a joint venture such as a limited liability company for specific funding sources and developments that require it, such as Low Income Housing Tax Credit (LIHTC) developments. For the LIHTC partnership, SCDC, the nonprofit, will act as a silent partner while the private partner owns 99.9% of the equity in the project, in accordance to IRS rules and regulations. The nonprofit will generally receive a flat developer fee and will not take part in profit or loss sharing.

**11** Do you or will you accept contributions of: real property, conservation easements, ...?

Although it seems unlikely SCDC will receive contributions of real property, SCDC is open to accept such a contribution. Real property is the only category SCDC is interested in, and any condition imposed by the donor would have to allow SCDC to develop the property for affordable housing.

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Sitka Community Development Corporation

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July 27, 2007

## Schedule F Attachments

### **Section I** General Information about your Housing

**1** Describe the type of housing you provide.

Sitka Community Development Corporation (SCDC) does not currently provide any housing. The purpose of SCDC is to promote community development and provide decent housing that is affordable to low and moderate-income individuals and families in Sitka. Activities the organization may engage in include: acquiring, rehabilitating, constructing, converting, managing, selling, renting, and financing properties for housing; furnishing consulting services; collecting and disseminating information; providing community education and training; and applying for, receiving, and managing grants, donations, and loans; all pursuant to the purpose of affordable housing.

In the near future, SCDC plans to build modest homes and apartments affordable to low and moderate-income households, cooperate with local service nonprofit agencies to assess the need for transitional housing, teacher housing, senior housing, and housing for people with disabilities, study the legal procedures for forming community land trusts and homeowner associations, and educate the public on the steps to home ownership. As may be expected, future activities will depend on what opportunities arise, the outcome of the strategic planning session of the board, and the input and feedback from the general public.

**2** Provide copies of any application forms you use for admission.

SCDC does not have any programs at this time and hence does not have any application forms used for admission. Hypothetically, such an application would include: applicant's name, social security number, household size, contact information, income and asset information, a checklist for income verification documents, and an authorization form for release of information. Please see **Appendix A**.

**3** Explain how the public is made aware of your facility.

~~SCDC does not currently have any facilities. If and when any facility is constructed and available, SCDC will use affirmative marketing to make the public aware. Aside from the local newspaper and local radio station, which are wide-reaching in this small community, SCDC will identify underserved and hard-to-reach populations who are eligible for the program and devise methods of outreach suitable for those populations.~~

**4a** Provide a description of each facility.

**4b** What is the total number of residents each facility can accommodate?

**4c** What is the current number of residents in each facility?

**4d** Describe each facility in terms of whether residents rent or purchase housing from you.

SCDC does not own or operate any facilities at this time.

**5** Attach a sample copy of your residency or homeownership contract or agreement.

SCDC does not have programs at this time and hence does not have any residency or homeownership contract or agreement. If and when affordable units are available and require such documents, SCDC will work with the Alaska Housing Finance Corporation (AHFC) to craft the most suitable and fair contract and agreement for our properties. One such example may be the sample homebuyer assistance agreement, as shown in **Appendix B**.

**6** Joint ventures.

SCDC does not participate in any joint ventures at this time.

In the future, SCDC may enter into a joint venture such as a limited liability company for specific funding sources and developments that require it, such as Low Income Housing Tax Credit (LIHTC) developments. For the LIHTC partnership, SCDC, the nonprofit, will act as a silent partner while the private partner owns 99.99% of the equity in the project, in accordance to IRS rules and regulations. The nonprofit may receive a flat developer fee for its administrative costs and will not take part in profit or loss sharing.

**7** Do you or will you contract with another organization to develop, build, market, or finance your housing?

SCDC does not but may in the future contract with other organizations to develop and build affordable housing. Because of the complexity of real estate development, SCDC anticipates that it will act as project manager and contract out various components of the development process to experts and licensed professionals, such as licensed architects, tax credit lawyers, and licensed contractors. SCDC does not anticipate any family relationships between the developer and the directors.

Contracts are anticipated to follow procurement standards and put out to bid for the best price, product, or value. All rules in the bylaws regarding conflict of interests apply in the bid selection process and contract negotiation. SCDC will consult with other area agencies, licensed appraisers, regional housing authorities, the City and Borough of Sitka's Public Works Department, and AHFC to determine the fair market value for various services.

**10** Do you own the facility?

SCDC does not currently own nor operate any facility.

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**Section II** Homes for the Elderly or Handicapped

**1a** Do you provide housing for the elderly?

SCDC does not currently provide housing for the elderly. The senior population may be a priority in SCDC's strategic plan. If SCDC were to pursue senior housing, the entry age would likely be set at 65, unless the government funding source dictates otherwise. Income would likely be a criteria required by the funding source, at least for a portion of the facility. Level of need may be assessed if the facility offer services for daily living.

**1b** Do you provide housing for the handicapped?

SCDC does not currently provide housing for the handicapped. People with disabilities may be a priority in SCDC's strategic plan. If SCDC were to pursue housing for people with disabilities, we would likely partner with a local service nonprofit already serving this special needs population. Our partner would assist with identifying medical conditions while SCDC would screen for income eligibility, if required by any government funding sources used to construct or acquire the facility.

**2c** Is your housing affordable to a significant segment of the elderly or handicapped persons in the community?

The target community is the City and Borough of Sitka. Most elderly and/or persons with disabilities would most likely fall in the low-income category, and housing costs charged to such persons are required to be set at 30% of their income or less. Tenants may utilize Housing Choice Vouchers, if any are available. Any additional costs for meals and/or services would be covered by other sources, such as Medicaid, Alaska Mental Health Trust, and/or insurance coverage.

**5** Are your facilities designed to meet the physical, emotional, recreational, social, religious, and/or other similar needs of the elderly or handicapped?

If SCDC were to pursue any projects for the elderly and/or persons with disabilities, we would strive to design our facility to meet all of the needs of our tenants to the best of the industry standard. We want to ensure that beyond affordability, our tenants have a safe, comfortable, and enjoyable home to live in.

**Section III** Low-Income Housing

**1** Do you provide low-income housing?

SCDC does not currently provide any low-income housing, but intends to. Low-income housing is the core mission of the organization. If and when SCDC develops low-income housing, SCDC will follow all rules and regulations associated with the funding sources, most likely LIHTC or HOME funds, as administered by the Alaska Housing Finance Corporation. At least 75% of all rental housing units will be targeted for households below 60% of area median income, and for sale homes targeted for below 80%. Social services may be provided on site depending on the targeted population. Tenants will be selected based on income. If the demand exceeds supply dramatically, SCDC will administer a waiting list and may utilize a lottery system for initial selection.

**3a** Is your housing affordable to low income residents?

Yes. Income-qualified renters will be charged a total housing cost (rent plus utilities) less than or equal to 30% of their household income. Income-qualified buyers will carry a mortgage (principal and interest) at or around 30% of their household income. Units will conform to LIHTC, HOME, or other funding source requirements for affordability.

**3b** Do you impose restrictions to make sure your housing remains affordable?

Rental housing will be restricted for at least 30 years, while for sale homes will have resale restrictions, in compliance with HOME rules and regulations.



**SITKA COMMUNITY DEVELOPMENT CORPORATION**  
PO Box 6461, Sitka, AK 99835

**Sitka Community Development Corporation**  
A Not-for-Profit Corporation

**BYLAWS**  
December 2008

**ARTICLE I. OFFICES**

The principal office of the corporation shall be located in the City and Borough of Sitka and the state of Alaska.

**ARTICLE II. PURPOSE**

- A. Purpose.** The purpose of the organization is to promote community development and provide decent housing that is affordable to low and moderate-income individuals and families in the City and Borough of Sitka by: acquiring, rehabilitating, constructing, converting, managing, selling, renting, and financing properties for housing; furnishing consulting services; collecting and disseminating information; providing community education and training; and applying for, receiving, and managing grants, donations, and loans. It is organized exclusively for the foregoing charitable, benevolent, eleemosynary and educational purposes, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the United States Internal Revenue Code or corresponding sections of any future federal tax code.
- B. No Private Inurement.** No part of the net earnings of the corporation shall inure to the benefit of or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section A above.
- C. No Lobbying.** No substantial part of the activities of the corporation shall be disseminating propaganda, attempting to influence legislation, or supporting or opposing candidates for political office or political parties or otherwise participating in political campaigns. Notwithstanding any other provisions of these Articles, the corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the corporation, nor conduct any activities not permitted to be conducted by an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code or by an organization contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or any corresponding section of any future federal tax code.

**D. Dissolution.** Upon the dissolution or final liquidation of the corporation, its liabilities and obligations shall be paid or discharged or otherwise adequately provided for. Any assets held on the condition that they be returned, transferred, or conveyed, shall be returned, transferred, or conveyed in accordance with such conditions. Any assets remaining to be distributed shall be distributed to one or both of the following options: (1) the federal, state, or local government, for a public purpose; or (2) one or more organizations engaged in charitable, eleemosynary, benevolent, educational, or similar purposes authorized by section 501(c)(3) of the Internal Revenue Code, provided however that such organizations are, or are qualified to be, exempt from income tax under section 501(c)(3) of the internal Revenue Code and contributions to which are deductible under section 170(c)(2) of the internal Revenue Code, and further provided that such organizations are engaged in activities substantially similar to those of the corporation, under a plan for distribution adopted as provided by Alaska Statutes chapter 10.20. Notwithstanding any other provision of these Articles, the distribution of the corporation's assets on dissolution shall be in accordance with the requirements of Alaska Statutes, chapter 10.20, and as required to maintain the status of the corporation as an exempt organization under section 501(c)(3) of the Internal Revenue Code.

### **ARTICLE III. BOARD OF DIRECTORS**

- A. Number.** Sitka Community Development Corporation shall be governed by a board of directors composed of nine (9) directors. This number may be decreased by the amendment of these bylaws by the Board but shall in no case be less than six (6) directors.
- B. Term.** Directors shall serve staggered terms of three (3) years. Directors shall be restricted to serve no more than three (3) consecutive full three-year terms. Each director shall hold office until the end of her term, and until her successor is elected and qualified, or until her prior death, resignation, or removal.
- C. Election.** New directors shall be elected by a super-majority vote (two thirds) of the existing board from those nominated by a nominating committee composed of three (3) existing directors whose terms are not expiring or who intend to continue their service if their term is expiring. Elections shall occur at the annual meeting to fill vacated board positions if the annual meeting is within three months of the vacated board meeting and at least three (3) directors remain. Otherwise, the election shall occur at the monthly meeting. Each director shall hold office until the end of her term, and until her successor is elected and qualified, or until her prior death, resignation, or removal.
- D. Qualifications.** Any person over the age of 19 who supports the goals and aims of Sitka Community Development Corporation is eligible to be a director.
- E. Criteria for Selection of Directors.** New directors shall be elected by a majority vote of the board. In selecting directors, the board may, but are not required to,

consider: (1) commitment to the aims of the organization and (2) skills and experience related to the aims of the organization, including but not limited to skills or experience in real estate, social services, banking, law, finance, and being in need of affordable housing.

At least one third (1/3, rounding up) of the board of directors must belong to the income category which the board seeks to serve, more specifically, those residents whose income is 80% or below the HUD median income limit for the Sitka area. Of those one third (1/3 rounding up) meeting income category criteria, none can be "public officials" by definition of Alaska Housing Financial Corporation. Additionally, public officials on the board cannot comprise more than one third (1/3) of the board membership. Alternatively, the low-income directors may be residents of low-income neighborhoods or elected representatives of low-income neighborhood organizations.

- F. Duties and Powers.** The board shall be responsible for the control and management of the affairs, property, and interests of the corporation and may exercise all powers of the corporation, except as limited by statute.
  
- G. Resignations, Vacancies, and Removal.** Any director may resign at any time by giving written notice at a meeting of the board. Unless otherwise specified in such written notice, such resignation shall take effect upon receipt thereof by the board, and the acceptance of such resignation shall not be necessary to make it effective. The board may remove a director for cause or in the best interests of the corporation by a unanimous vote, excluding the director facing removal. If a director has three (3) consecutive absences or three (3) unexcused absences within a 12-month span, it shall be deemed a resignation. A director may request an excused absence in writing to an officer other than himself or herself at least five (5) days before the meeting. Vacancies on the board created by resignation, removal, or any reason shall be filled as provided in Section C of this article for the unexpired balance of the term. A director removed for lack of participation may reapply for a future vacancy in open recruitment.
  
- H. Quorum.** At all meetings of the board, the presence of a majority of the entire board shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by law or by these bylaws.
  
- I. Voting.** Unless otherwise provided by these bylaws, the board may take action on the vote of a majority of those directors present and voting. A director may abstain from voting if the director has a conflict of interest. Such an interest must be disclosed to the board, and the board shall determine, by a majority of those attending other than the director with the potential conflict, whether the director has a conflict and may abstain. Tie votes result in the granting of the abstention.



- J. **Board Action.** At all meetings of the board, each director present shall have one vote. Except as otherwise provided by statute, the action of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board. Any action authorized, in writing, by all of the directors entitled to vote thereon and filed with the minutes of the corporation shall be the act of the board. Any action taken by the board may be taken without a meeting if agreed to in writing by all directors before or after the action is taken and if a record of such action is filed in the minute book.
- K. **Liability.** No director shall be liable for any debt, obligation, or liability of the corporation.

#### ARTICLE IV. MEETINGS

- A. **Regular Meetings.** The board shall hold a regular meeting each month upon more than twenty-four-hour notice given to the directors. The president or a person designated by the president shall set the time, date, location, and agenda for monthly meetings. (Upon occasion, a monthly meeting may be canceled or rescheduled.)
- B. **Special Meetings.** A special meeting may be called by the majority of the board, the president, or by any three (3) directors, provided all directors are given more than twelve-hour notice.
- C. **Notice and Waiver.** Notice of any special meeting shall be given at least five days prior thereto by written notice delivered personally by mail or by facsimile to each Director at his address. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail with postage prepaid. Any Director may waive notice of any meeting, either before, at, or after such meeting, by signing a waiver of notice. Attendance of a director at a meeting constitutes a waiver of notice of the meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.
- D. **Annual Meeting.** The annual meeting shall be held in January each year, unless rescheduled by the board. The agenda of the annual meeting must include the election of directors and officers. The board shall publish notice of the time, date, and place of the annual meeting in appropriate news media at least 14 days, but not more than 60 days, in advance of the meeting. Likewise, each director shall receive at least 14 days written advance notice of the annual meeting.
- E. **Organizational Meeting.** At the call of a majority of the incorporators, and on three days' notice to the directors, the board shall meet to adopt the bylaws and elect directors and officers to serve until the first annual meeting.
- F. **Telephone Meetings.** Directors may participate in meetings of the board



through use of a telephone if such can be arranged so that all board members can hear all other members. The use of a telephone for participation shall constitute presence in person.

- G. Conduct of Meetings.** Except as otherwise provided by these bylaws, the articles of incorporation, and the laws of the State of Alaska, meetings shall be conducted in accordance with Robert's Rules of Order Revised. (1915 Edition).

## **ARTICLE V. OFFICERS**

- A. Officers and their Terms.** The officers of the corporation shall consist of a president, a secretary, a treasurer, and such other officers as the board may from time to time deem advisable. Any officer may be, but is not required to be, a director of the corporation. The officers of the corporation shall be elected by the board at the annual meeting of the board. The term of an officer shall be one year, from annual meeting to annual meeting, or until her death, resignation, or removal. An officer may continue if there is no other officer nominated.

### **B. Duties.**

1. **President.** The president shall preside at all meetings of the board, shall be an ex officio member of all committees of the board, and shall in general perform all duties the board may from time to time assign, and as provided elsewhere in these bylaws and the articles of incorporation. The president shall act as spokesperson of the corporation and sign documents on behalf of the corporation, to the extent authorized by the board. The president shall prepare a report of each calendar year's activities and present the report to the board at its annual meeting. The president is entitled to vote to the same extent as the directors.
2. **Vice President.** The vice president shall act as president in the president's absence, and may perform such other duties as the board may from time to time direct.
3. **Secretary.** The secretary shall review minutes of all meetings of the board and shall keep or cause to be kept minutes of the meetings of the board's committees. The secretary shall be responsible for ensuring the records and papers of the corporation are maintained and may from time to time perform such other duties as the board may direct.
4. **Treasurer.** The treasurer is the financial officer of the corporation and shall oversee the deposit of funds of the corporation in such banks or other suitable financial institutions as have been approved by the board in accordance with Article VII of these bylaws. The treasurer shall keep or caused to be kept the accounts of the corporation, prepare a financial report on a calendar year basis and present it at the annual meeting and may from time to time perform such other duties as the board may direct.

- C. Delegation of Duties.** In the absence or disability of any officer of the

corporation or for any other reason deemed sufficient by the board of directors, the board may delegate her powers or duties to any other officer or director.

- D. Vacancy and Removal.** Officers may be removed from office and vacancies may be filled in the manner and for the reasons prescribed for directorship. A vacancy shall be filled only for the unexpired term. Removal of a director from an office does not result in the removal of the director from the board unless the board additionally follows the steps set out in Article III, section G of these bylaws.
- E. Compensation.** The officers of the corporation shall be entitled to such compensation as the Board shall from time to time determine.
- F. Liability.** No officer shall be liable for any debt, obligation, or liability of the corporation.

#### **ARTICLE VI. COMMITTEES**

The board of directors may, by resolution, from time to time create committees to assist in the work of the board. Persons who are not directors may be appointed to a committee if (1) they are qualified to be a director and (2) at least two directors serve on the committee. Committees may not take action on behalf of the board unless expressly authorized to do so by the board voting in a regular or special meeting, through the resolutions creating such committees. Meetings of committees may be held without notice at such time and at such place as shall be determined by the committees. The committees of the corporation shall keep regular minutes of their proceedings, and report these minutes to the board of directors when required.

#### **ARTICLE VII. CONTRACTS AND EXPENDITURES**

- A. Expenditures.** Expenditures greater than \$2,000 must be approved by a majority of the quorum. Expenditures of amounts less than \$2,000 may be made if consistent with a budget adopted by the board or if approved by the majority of the board.
- B. Authority to Make Withdrawals, and Sign Checks or Other Negotiable Instruments.** A withdrawal or check or other negotiable instrument for less than \$500 may be made and signed by the corporation's treasurer. A check of \$500 or greater must be signed by two corporate officers.
- C. Deposits.** All funds of the corporation not otherwise employed shall be deposited in such banks and other financial institutions as the board may select. No deposit may be made into a financial institution which exceeds the amount insured by a federal or state program of deposit insurance.
- D. Self-Dealing.** Directors may be reimbursed for an expense, authorized as provided in these bylaws. A director or a member of a director's immediate family may not receive payments from the funds of the corporation or directly benefit

from a contract of the corporation unless (1) there has been full disclosure of the director's interest, payment, or contract, or (2) the board adopts a resolution that the action is in the best interest of the corporation, and (3) the director does not vote on the action which authorizes the payment or contract. A director or a director's family members may not receive housing benefits available as a result of the activities of the corporation unless (1) the director does not vote on a proposal to the board to authorize the benefits, and (2) the director or family member competes on an equal basis with all other persons eligible for the benefits.

#### **ARTICLE VIII. INDEMNIFICATION OF DIRECTORS: BONDS AND INSURANCE**

- A. General Indemnification.** The corporation shall indemnify and undertake the defense of a director or former director, against expenses actually and reasonably incurred by that person in connection with the defense of any action, suit or proceeding, civil or criminal, in which that person is made a party by reason of having been a director, except in relation to matters in which that person was adjudged, in the action, suit or proceeding, to be liable for gross negligence or misconduct in the performance of corporate duties.
- B. Insurance.** The corporation may insure itself for the errors and omissions of its directors to the extent permitted by law.

#### **ARTICLE IX. BOOKS AND RECORDS OF THE CORPORATION**

- A. Articles of Incorporation.** Unless otherwise provided by the laws of the State of Alaska, the board may amend its articles of incorporation by a two-thirds vote of the directors, provided that at least 30 days written notice and a copy of any proposed amendments have been given to each director.
- B. Bylaws.** These bylaws may be amended by a majority of the directors, provided that at least two weeks' written notice and a copy of any proposed amendments have been given to each director.
- C. Annual Report.** The president of the corporation shall cause to be prepared annual or other reports required by law and shall provide copies to the board of directors.
- D. Permanent Records.** The corporation shall keep current and correct records of the accounts, minutes of the meetings, and proceedings. Such records shall be kept at the registered office or the principal place of business of the corporation.

Certified to be the bylaws of the corporation and adopted by the board of directors on the 11th day of December, 2008.

Tambi Calvert, President

Sitka Community Development Corporation

7



Department of Commerce, Community, and Economic Development  
 Corporations, Business and Professional Licensing  
**CORPORATIONS SECTION**  
 PO Box 110808  
 Juneau AK 99811-0808

## ARTICLES OF AMENDMENT

Domestic Business, Professional Corporation or Non Profit Corporation

Pursuant to the provisions of Alaska Statutes, the undersigned corporation adopts the following Amended Articles of Incorporation:

1. Name the Corporation (as it is currently stated on the Certificate of Incorporation): Alaska Entity #:

Sitka Community Development Corporation	104202
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2. Amended Name of Corporation (if changing the name of the corporation):

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3. Business/Professional Corporations Only

If shares were issued:	If the class of shares are entitled to vote as a class:
------------------------	---

Date Amendment Adopted By the Board of Directors and Shareholders:	Number of Shares in Class:	
Number of Outstanding Shares:	Class Series:	
Number of Shares Entitled to Vote:	Number of Votes For Amendment:	
Number of Shares Voting For Amendment:	Number of Votes Against Amendment:	
Number of Shares Voting Against Amendment:		

If no shares were issued:

Date the amendment to the articles of Incorporation was adopted by resolution of the Board of Directors:	
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4. Non-Profit Corporation Only

Date Amendment Adopted:	10/20/2008
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Check one of the boxes below:

If adopted by the members of the corporation:

- There are members entitled to vote on the amendment; a quorum was present at the meeting and the amendment received at least two-thirds of the votes which members present at the meetings or represented by proxy were entitled to cast.
- The amendment was adopted by consent in writing signed by all members entitled to vote with respect to the amendment.

If adopted by the Board of Directors:

- There are no members and the amendment received the vote of a majority of the directors in office.
- There are no members entitled to vote and the amendment received the vote of a majority of the directors in office.





A corporation may not amend its articles of incorporation to change the names and addresses of the first directors, incorporators or the initial registered agent of the entity.

Each amended article must be written in its entirety.

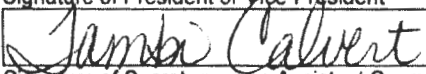
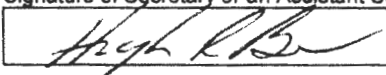
5. Amendments to the Articles of Incorporation are as follows:

PRESENT - Article 3. The purpose of the corporation is to promote community development and affordable housing for individuals and families in the City and Borough of Sitka and elsewhere in Southeast Alaska. It is organized exclusively for the foregoing charitable, benevolent, eleemosynary, and educational purposes, including for such purposes, the making of distributions or organizations that qualify as exempt organizations under section 501(c)(3) of the United States Internal Revenue Code or corresponding sections of any future federal tax code.

AMENDMENT - Article 3. The purpose of the corporation is to promote community development and affordable housing for individuals and families in the City and Borough of Sitka. It is organized exclusively for the foregoing charitable, benevolent, eleemosynary, and educational purposes, including for such purposes, the making of distributions ro organizations that qualify as exempt organizations under section 501(c)(3) of the United States Internal Revenue Code or corresponding sections of any future federal tax code.

Attach an additional 8½" x 11" page for continuation of previous article and/or additional articles. Please indicate which article you are continuing.

The Amended Articles of Incorporation must be signed by the president or vice president and by its secretary or an assistant secretary of the entity.

Signature of President or Vice President	Printed Name of President or Vice President	Date
	Tambi Calvert	12/19/08
Signature of Secretary or an Assistant Secretary	Printed Name of Secretary or Assistant Secretary	Date
	Hugh Bevan	01/05/09

If you have specific legal questions or concerns about this filing, you are strongly advised to consult an attorney or other professional to assist you. Mail the Amended Articles of Incorporation and the \$25.00 filing fee to:

State of Alaska  
Corporations Section  
PO Box 110808  
Juneau AK 99801

For additional information or forms please visit our web site at: [www.corporations.alaska.gov](http://www.corporations.alaska.gov)

ARTICLES OF AMENDMENT  
OF  
SITKA COMMUNITY DEVELOPMENT CORPORATION  
A NONPROFIT CORPORATION  
[Entity No. 104202]

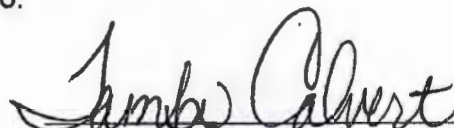
The Sitka Community Development Corporation states that there are no members of the corporation entitled to vote upon any Articles of Amendment relating to the Articles of Incorporation of such corporation filed with the Alaska Department Commerce, Community and Economic Development on October 26, 2006, and as amended on the 26<sup>th</sup> day of March, 2008, are per resolution adopted at a special meeting of the Board of Directors of the Sitka Community Development Corporation held on July 21, 2008, an amendment of the corporation's Articles of Incorporation was adopted (by affirmative vote of a majority of the directors then in office) in the following particulars:

**ARTICLE 3** is deleted in its entirety and replaced with the following Article 3:

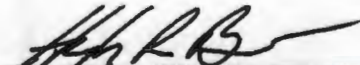
**ARTICLE 3.** The organization is organized exclusively for charitable, religious, educational, and/or scientific purposes under Section 501( c)(3) of the Internal Revenue Code. Such purposes include, promotion and facilitation of housing for persons of low and moderate income in the community of Sitka, Alaska, a community having a substantial population of minority and economically disadvantaged persons, many of whom presently reside in substandard housing.

All remaining provisions of the Articles of Incorporation, as previously amended on the 26<sup>th</sup> day of March, 2008, shall remain unchanged.

DATED this 21<sup>st</sup> day of July 21, 2008.

  
Tambi Calvert, President

Attest:

  
Hugh Bevan, Secretary

State of Alaska  
Filing Changes 1 Page(s)



T0820644098

ARTICLES OF AMENDMENT  
OF  
SITKA COMMUNITY DEVELOPMENT CORPORATION  
A NONPROFIT CORPORATION  
[Entity No. 104202]

The Sitka Community Development Corporation states that there are no members of the corporation entitled to vote upon any Articles of Amendment relating to the Articles of Incorporation of such corporation filed with the Alaska Department Commerce, Community and Economic Development on October 26, 2006. On the 26<sup>th</sup> day of March, 2008, at a special meeting of the Board of Directors of the Sitka Community Development Corporation, an amendment of the corporation's Articles of Incorporation was adopted (by affirmative vote of a majority of the directors then in office) in the following particulars:

**ARTICLE 3** is deleted in its entirety and replaced with the following Article 3:

**ARTICLE 3.** The organization is organized exclusively for charitable, religious, educational, and/or scientific purposes under Section 501( c)(3) of the Internal Revenue Code.

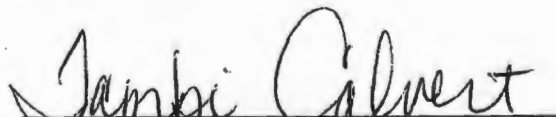
**ARTICLE 4**, the third paragraph of Article 4 is deleted in its entirety and replaced with the following third paragraph of Article 4:

**ARTICLE 4, paragraph 3.** Upon dissolution of the organization, assets shall be distributed for one or more exempt purposes within the meaning of Section 501( c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government for a public purpose.

**ARTICLE 8**, a new article (Article 8) is added to the Articles of Incorporation. Such article shall read as follows:

**ARTICLE 8.** The personal liability of a director to the corporation or its members (if any) for monetary damages for the breach of fiduciary duty as a director is eliminated to the full extent allowed by the Alaska Nonprofit Corporation Act.

DATED this 26<sup>th</sup> day of March, 2008.

  
Tambi Calvert, President

Attest:

  
Hugh Bevan, Secretary

State of Alaska  
Filing Changes 1 Page(s)



T0808744073



**ARTICLES OF INCORPORATION  
SITKA COMMUNITY DEVELOPMENT CORPORATION  
A NONPROFIT CORPORATION**

The undersigned natural persons of the age of 19 years or more, acting as Incorporators of a corporation under the Alaska Statutes (AS 10.20) hereby executes the following document and sets forth:

**ARTICLE 1.** The name of the corporation is Sitka Community Development Corporation.

**ARTICLE 2.** The duration of the corporation is perpetual.

**ARTICLE 3.** The purpose of the corporation is to promote community development and affordable housing for individuals and families in the City and Borough of Sitka and elsewhere in Southeast Alaska. It is organized exclusively for the foregoing charitable, benevolent, eleemosynary, and educational purposes, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under section 501(c)(3) of the United States Internal Revenue Code or corresponding sections of any future federal tax code.

**ARTICLE 4.** No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and contributions in furtherance of the purposes set forth in ARTICLE 3 above. No substantial part of the activities of the corporation shall be disseminating propaganda, attempting to influence legislation, or supporting or opposing candidates for political office or political parties or otherwise participating in political campaigns. Notwithstanding any other provisions of these Articles, the corporation shall not engage in any activities or exercise any powers that are not in furtherance of the purposes of the corporation, nor conduct any activities not permitted to be conducted by an organization exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code or by an organization contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or any corresponding section of any future federal tax code.

The internal affairs of the corporation are governed by the by-laws of the corporation. The Directors of the corporation may adopt by-laws and may amend and repeal the by-laws.

Upon the dissolution or final liquidation of the corporation, its liabilities and obligations shall be paid or discharged or otherwise adequately provided for. Any assets held on the condition that they be returned, transferred, or conveyed, shall be returned, transferred, or conveyed in accordance with such conditions. Any assets remaining to be distributed shall be distributed to one or both of the following options: (1) the federal, state, or local government, for a public purpose; or (2) one or more organizations engaged in charitable, eleemosynary, benevolent, educational, or similar purposes authorized by section 501(c)(3) of the Internal Revenue Code, provided however that such organizations are, or are qualified to be, exempt from income tax under section 501(c)(3) of the internal Revenue Code and contributions to which are deductible under section 170(c)(2) of the internal Revenue Code, and further provided that such organizations are engaged in activities substantially similar to those of the corporation, under a plan for distribution adopted as provided by Alaska Statutes chapter 10.20. Notwithstanding any other provision of these Articles, the distribution of the corporation's assets on dissolution shall be in accordance with the requirements of Alaska Statutes, chapter 10.20, and as required to maintain the status of the corporation as an exempt organization under section 501(c)(3) of the Internal Revenue Code.






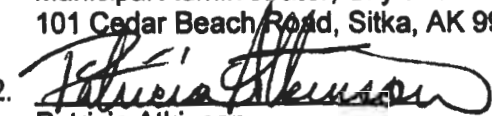
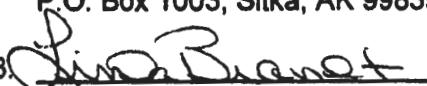
**ARTICLE 5.** The Registered Agent and Registered Office of this corporation are:

Felix AuYeung  
303 Lincoln Street, Suite 3  
Sitka, AK 99835

**ARTICLE 6.** The number of Directors constituting the initial Board of Directors of this corporation will be three. The names and mailing addresses of those persons, each of whom shall serve as a Director until her successor is elected and qualified, are as follows:

1. Linda Brandt  
P.O. Box 6334, Sitka, AK 99835
2. Alicia Williams  
P.O. Box 1966, Sitka, AK 99835
3. George Ridley  
208 Marine Street, Sitka, AK 99835

**ARTICLE 7.** The signatures, names, and mailing addresses of each Incorporator are:

1.   
John Stein  
Municipal Administrator, City and Borough of Sitka  
101 Cedar Beach Road, Sitka, AK 99835
2.   
Patricia Atkinson  
Owner, Sustainable Solutions  
P.O. Box 1003, Sitka, AK 99835
3.   
Linda Brandt  
Manager, Alaska Pacific Bank, Sitka Office  
P.O. Box 6334, Sitka, AK 99835

Signed by the Incorporators this 24<sup>th</sup> day of October, 2006.

The undersigned, being the Registered Agent listed in these Articles of Incorporation hereby accepts the position as such and agrees to act in such capacity.

  
Felix AuYeung

## DISCLOSURE OF CORPORATE PURPOSE USING THE NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS)

A separate Disclosure of Corporate Purpose must be attached to the Articles of Incorporation which most closely describes the activities of the corporation. The NAICS Code must not conflict with the purpose listed in the Articles of Incorporation.

The 6-digit NAICS industry grouping code which most clearly describes the initial activities of the corporation is:

925110



## Legislation Details

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File #: ORD 14-15    Version: 1    Name:  
Type: Ordinance    Status: AGENDA READY  
File created: 5/21/2014    In control: City and Borough Assembly  
On agenda: 5/27/2014    Final action:  
Title: Adopting budgets for the fiscal year July 1, 2014 through June 30, 2015  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion Ord 2014-15](#)  
[Ord 2014-15](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2014-15 on first reading.



CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-15

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA  
ADOPTING BUDGETS FOR THE FISCAL YEAR JULY 1, 2014  
THROUGH JUNE 30, 2015

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 portion 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 set forth budgetary requirements for the operation of the various divisions, departments and organizations of the City and Borough of Sitka for Fiscal Year 2015.

4. **ENACTMENT. NOW THEREFORE, BE IT ENACTED** by the Assembly of the City and Borough of Sitka, Alaska that the following expenditure budgets for the fiscal period beginning July 1, 2014 and ending June 30, 2015 are hereby adopted as follows:

<u>FUND</u>	<u>REVENUE</u>	<u>EXPENDITURE BUDGET</u>		
<u>GENERAL FUNDS</u>	REVENUE	OPERATIONS	CAPITAL/ TRANSFER	TOTAL
General Fund	\$ 26,770,818	\$ 25,378,345	\$ 1,385,020	\$ 26,763,365
<u>ENTERPRISE FUNDS</u>				
Electric Fund	\$ 50,934,551	\$ 15,345,758	\$ 35,239,002	\$ 50,584,760
Water Fund	\$ 2,190,690	\$ 1,609,716	\$ 435,000	\$ 2,044,716
Wastewater Fund	\$ 4,354,010	\$ 2,791,149	\$ 1,640,000	\$ 4,431,149
Solid Waste Fund	\$ 3,041,910	\$ 3,169,650	\$ 35,000	\$ 3,204,650
Harbor Fund	\$ 6,002,656	\$ 2,300,862	\$ 5,921,053	\$ 8,221,915
Airport Terminal Fund	\$ 635,952	\$ 467,163	\$ -0-	\$ 467,163
Marine Service Center Fund	\$ 256,464	\$ 273,751	\$ -0-	\$ 273,751
Sawmill Cove Industrial Complex	\$ 420,534	\$ 531,797	\$ 9,000	\$ 540,797

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<b><u>INTERNAL SERVICE FUNDS</u></b>	REVENUE	OPERATIONS	CAPITAL/ TRANSFER	TOTAL
Management Information Systems Fund	\$ 826,876	\$ 848,242	\$ 48,500	\$ 896,742
Central Garage Fund	\$ 1,941,750	\$ 943,655	\$ 294,200	\$ 1,237,855
Building Maintenance Fund	\$ 762,621	\$ 924,492	\$ -0-	\$ 924,492
<b><u>SPECIAL REVENUE FUNDS</u></b>				
SE Alaska Economic Development Fund	\$ 100,000	\$ 100,000	\$ -0-	\$ 100,000
Revolving Fund	\$ 58,458	\$ 17,873	\$ -0-	\$ 17,873
Guarantee Fund	\$ 4,500	\$ 4,500	\$ -0-	\$ 4,500
Rowe Trust Fund	\$ 8,000	\$ 3,000	\$ -0-	\$ 3,000
Library Endowment Fund	\$ 24,000	\$ 21,000	\$ -0-	\$ 21,000
Southeast Alaska Communities Against Drugs Fund	\$ 28,000	\$ 28,000	\$ -0-	\$ 28,000
City/Borough Forfeiture Fund	\$ 2,836	\$ -0-	\$ -0-	-0-
Narco Task Force Grant	\$ 235,000	\$ 235,000	\$ -0-	\$ 235,000
State Forfeiture Fund	\$ 4,230	\$ -0-	\$ -0-	\$ -0-
Homeland Security Grant	\$ 15,000	\$ 15,000	\$ -0-	\$ 15,000
Library Building Fund	\$ 17,000	\$ 17,000	\$ -0-	\$ 17,000
SCIP Contingency Fund	\$ 16,920	\$ 16,920	\$ -0-	\$ 16,920
Tobacco Excise Tax Fund	\$ 473,549	\$ 472,500	\$ -0-	\$ 472,500
Fisheries Enhancement Fund	\$ 33,712	\$ 35,000	\$ -0-	\$ 35,000
Commercial Passenger Vessel Excise Tax Fund	\$ 327,151	\$ 68,080	\$ -0-	\$ 68,080
Cemetery Fund	\$ 4,000	\$ 3,000	\$ -0-	\$ 3,000
Seasonal Sales Tax/School Bond Debt Service Fund	\$ 3,717,351	\$ 3,716,964	\$ -0-	\$ 3,716,964
<b><u>PERMANENT FUND</u></b>				
Permanent Fund	\$ 280,800	\$ 1,121,342	\$ -0-	\$ 1,121,342

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<b><u>CAPITAL PROJECT FUNDS</u></b>	REVENUE	OPERATIONS	CAPITAL /TRANSFER	TOTAL
General Capital Project Fund	\$ 1,385,020	\$ -0-	\$ 1,385,020	\$ 313,000
Electric Capital Project Fund	\$ 35,167,800	\$ -0-	\$ 35,167,800	\$35,167,800
Water Capital Project Fund	\$ 435,000	\$ -0-	\$ 435,000	\$ 435,000
Wastewater Capital Project Fund	\$ 1,615,000	\$ -0-	\$ 1,615,000	\$ 1,615,000
Solid Waste Capital Project Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Harbor Capital Project Fund	\$ 5,921,053	\$ -0-	\$ 5,921,053	\$ 5,921,053
Airport Terminal Fund	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Marine Service Center	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<b><u>COMPONENT UNIT</u></b>				
Sitka Community Hospital	\$27,235,839	\$ 24,975,622	\$ 2,260,217	\$27,235,839

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**EXPLANATION**

Details of individual budgets are contained in Enclosure 1. Support to the Sitka School District has been included in the General Fund Expenditures. Budgeted amounts for all funds include revenue, operating expenditures and new capital outlays.

**5. EFFECTIVE DATE.** This ordinance shall become effective on July 1, 2014.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska this 10th day of June, 2014.

\_\_\_\_\_  
Mim McConnell, Mayor

ATTEST:

\_\_\_\_\_  
Colleen Ingman, MMC  
Municipal Clerk



## Legislation Details

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File #: ORD 14-16    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 5/21/2014    In control: City and Borough Assembly

On agenda: 5/27/2014    Final action:

Title: Amending Chapter 15 of the Sitka General Code at Section 15.05.204A entitled "Service Connection Charge" and increase water rates at Sections 15.05.620 entitled "Rates and Fees" and 15.05.625A entitled "Water Service - Sawmill Cove Industrial Park"

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Ord 2014-16](#)  
[Ord 2014-16](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2014-16 on first reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2014-16

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING CHAPTER 15 OF THE SITKA GENERAL CODE AT SECTION 15.05.204A ENTITLED "SERVICE CONNECTION CHARGE" AND INCREASE WATER RATES AT SECTIONS 15.05.620 ENTITLED "RATES AND FEES" AND 15.05.625A ENTITLED "WATER SERVICE – SAWMILL COVE INDUSTRIAL PARK"

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.** This ordinance will increase rates for sewer service by amending SGC 15.05.620 entitled "Rates and Fees":

- Subsection A entitled "Base Rate," from \$30.80 to \$35.42 per unit per month, and
- Subsection B entitled "Metered Water Service," for meter size up to 1" from minimum charge of \$43.91 per month to \$50.50; for meter size 2" from minimum charge of \$96.30 per month to \$110.75; for meter size 3" from minimum charge of \$144.45 per month to \$166.12; for meter size 4" from minimum charge of \$288.90 per month to \$332.24; for meter size 6" and above from minimum charge of \$577.80 per month to \$664.47; for all over allowance from minimum charges plus ninety-six cents per one thousand gallons to minimum charges plus \$1.10 per one thousand gallons; and for all over allowance for major fish processing plants from minimum charges plus forty four cents per one thousand gallons to minimum charges plus \$0.51 per one thousand gallons

This ordinance also increases wastewater rates at Sawmill Cove Industrial Park by amending SGC 15.05.625A "Water Service – Sawmill Cove Industrial Park" as follows:

- Subsection A.1 entitled "Unmetered treated water, domestic use: base rate" from thirty dollars and eighty cents per unit, per month to \$35.42 per unit, per month
- Subsection A.2 entitled "Metered water" from ninety-six dollars and thirty cents per month minimum to \$110.75 per one per month minimum
- Subsection A.2.a entitled "Treated water" from one dollar and ninety three cents per one thousand gallons to \$2.22 per one thousand gallons
- Subsection A.2.b entitled "Treated water, fish processing use" from one dollar and forty-five cents per one thousand gallons to \$1.67 per one thousand gallons
- Subsection A.2.c entitled "Raw water for heating" from sixty-seven cents per one thousand gallons to \$0.77 per one thousand gallons

- 47 • Subsection A.1.d entitled “Raw water for industrial processing” from ninety-six
- 48 cents per one thousand gallons to \$1.10 per one thousand gallons
- 49 • Subsection A.1.e entitled “Raw water for water bottling at Sawmill Cove
- 50 Industrial Park in container sizes of five gallons or less” from one dollar and
- 51 sixty-nine cents per one thousand gallons to \$1.94 per one thousand gallons

52  
 53 This ordinance also increases the connection fees by amending SGC 15.05.620E  
 54 “Connection Fee” and 15.05.240 A “Service connection charge” to \$690.

55  
 56 The additional funds are needed to cover the operating costs and infrastructure  
 57 replacements in the Water Fund and fund the Capital Improvement Projects Plan in accordance  
 58 with the Water System Master Plan. These additional charges follow the schedule in the Sewer  
 59 Water Master Plan, which is for a 15% rate increase each year through Fiscal Year 2015.

60  
 61 **4. ENACTMENT, NOW, THEREFORE, BE IT ENACTED** by the Assembly of the  
 62 City and Borough of Sitka that SGC 15.05.240A, SGC 15.05.620 and SGC 15.05.625A are  
 63 amended to read as follows (new language underlined; deleted language stricken):

64 \* \* \*

65  
 66  
 67 **15.05.240A Service connection charge**

68 A. At the time the applicant files for a connection permit where no service previously existed  
 69 or if the applicant is filing for a change in service location or size, the applicant shall submit with  
 70 this application the service connection charge of six hundred ninety dollars. This charge is to  
 71 cover permit fees, inspection and administrative costs.

72 \* \* \*

73 **15.05.620 Rates and fees.**

74 A. Unmetered Water. Base rate: ~~thirty dollars and eighty cents~~ \$35.42 per unit.

UNIT DESCRIPTION	UNIT
<b>Residential/Dwelling Unit<sup>(1)</sup></b>	1.0 <sup>(2)</sup>
<b>Commercial (General, Miscellaneous)<sup>(3)</sup></b>	1.0
Clubs and lodges without bar or restaurant	
Garages, service stations	
Offices including medical (10 or less employees)	

UNIT DESCRIPTION	UNIT
Shops and stores without food processing	
<b>Commercial Specifics<sup>(3)</sup> (1 Minimum) Plus</b>	<b>Per Each</b>
Bar, lounge, restaurant, snack bar	seat or stool 0.05
Barber, beauty shop (one station = 1.0)	station 0.6
Bowling alley	lane 1.0
Church	10 seats 0.1
Office/office space	over 10 employees 0.2
Hospital	bed 0.8
Meat market	3.0
Supermarket, grocery store with food process	8.0
Rest home	bed 0.2
Hotel, motel <sup>(4)</sup>	bed or room 0.3
Dormitory, boardinghouse, <u>Charter Lodges</u> <sup>(4)</sup>	bed or room 0.3
RV park <sup>(4)(6)</sup>	RV space 0.3
Bed and breakfast, <u>Inn</u> <sup>(4)</sup>	bed or room 0.15
Commercial laundry	wet machine 8.0
Launderette	wet machine 1.0
Schools, college, day care <sup>(5)</sup>	10 students 0.4
Theater	10 seats 0.2
Car wash (no minimum)	stall 2.0

75 Notes:

76 <sup>(1)</sup> Including apartments and trailers, per each. (Apartments shall be assessed as if on a separate meter.)

77 <sup>(2)</sup> Base rate.



78 <sup>(3)</sup> Business in homes shall be assessed for the additional appropriate commercial rate.

79 <sup>(4)</sup> Hotel, motel, B&B may count rooms only. Dormitory or boardinghouse must count beds. RV parks count  
80 RV spaces with utility hookups. (Vacation rates do not apply.)

81 <sup>(5)</sup> Approximate enrollment—may be reviewed annually.

82 <sup>(6)</sup> RV parks have all mobile units able to be underway on the road with a minimal amount of time and not  
83 require special permits to drive on the road. Underway can be under its own power, pulled by a vehicle or  
84 in the bed of a pickup. Rental rates are based on the day and utilities are included.

85 B. Metered Water Service.

Meter Size	Allowance (GAL)	Minimum Charge
Up to 1"	15,000	<del>\$43.91</del> \$50.50
2"	50,000	<del>\$96.30</del> \$110.75
3"	100,000	<del>\$144.45</del> \$166.12
4"	250,000	<del>\$288.90</del> \$332.24
6" and above	500,000	<del>\$577.80</del> \$664.47

86 All over allowance charged at minimum charge plus ~~ninety-six cents~~ \$1.10 per one thousand gallons. The  
87 over allowance charged at minimum charge plus ~~forty-four cents~~ \$0.51 per one thousand gallons will apply to  
88 major fish processing plants (Seafood Producers Cooperative, Sitka Sound Seafoods, Inc., aka North Pacific  
89 Seafoods, and Stikine Holdings, LLC, aka Silver Bay Seafoods).

90 E. Connection Fee. ~~Six hundred dollars~~ \$690.00 per connection.

91 \* \* \*  
92

93 15.05.625 Water and wastewater rates—Sawmill Cove Industrial Park.

94 A. Water Service—Sawmill Cove Industrial Park.

95 1. Unmetered treated water, domestic use: base rate, ~~thirty dollars and eighty cents~~ \$35.42 per unit,  
96 per month.

97 2. Metered water: ~~ninety-six dollars and thirty cents~~ \$110.75 per month minimum.

98 a. Treated water: ~~one dollar and ninety-three cents~~ \$2.22 per one thousand gallons.





## Legislation Details

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File #: 14-124      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 5/21/2014      In control: City and Borough Assembly

On agenda: 5/27/2014      Final action:

Title: Award a design-build contract for the Edgecumbe Drive Reconstruction Project to S&S General Contractors for \$4,636,500

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Edgecumbe Drive](#)  
[Memo Edgecumbe Drive](#)  
[Handout Edgecumbe Drive](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**

I MOVE TO award a design-build contract for the Edgecumbe Drive Reconstruction Project to S&S General Contractors for \$4,636,500.



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## MEMORANDUM

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**To:** Mayor McConnell and Members of the Assembly  
Mark Gorman, Municipal Administrator

**From:** Michael Harmon, P.E., Public Works Director *For J*  
Stephen Weatherman, P.E., Municipal Engineer *A*  
David Longtin, P.E., Senior Engineer *OLL*

**Reviewed:** Tori Fleming, Contract Coordinator *A*

**CC:** Mike Middleton, Deputy Finance Director *G*

**Date:** May 21, 2014

**Subject:** Recommendation to award design-build contract for Edgecumbe Drive Reconstruction Project to S&S General Contractors

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Background:

Edgecumbe Drive is the longest road owned and operated by the City and Borough of Sitka (CBS), as well as a major collector and the backbone of a tsunami evacuation route. Eighty-seven residences have driveway access to Edgecumbe Drive, which also provides access to several major residential subdivisions and Keet Gooshi Heen Elementary School. The road – constructed between 1971 and 1978 – has not been resurfaced in 25 years, and is in need of reconstruction, as evidenced by numerous potholes, cracks and rusting drainage culverts.

After several years of State and Federal grant requests, CBS General Fund proposals and project funding transfers, the Public Works Department has assembled a budget of \$5.4 million to rebuild Edgecumbe. An in-house cost estimate to properly reconstruct the road for \$5.9 million indicated we could only execute a partial version of the project. We prioritized our goals in a February 19, 2014, Request for Proposals (RFP) and challenged proposers to complete as many priorities as possible within a target budget. We received three proposals on March 27, 2014, and evaluated them as described below.

Analysis:

Our chosen project delivery method – design-build – gives the builder more control of project execution in exchange for them accepting more cost risk. CBS mitigated the risk of handing over a mile-long residential street to a contractor by evaluating their proposals on factors beyond cost alone. Cost was by far the highest-value criterion for this project, weighted at 50 percent of the scoring. Four other evaluation criteria were weighted at 50 percent combined.

We received proposals from design-build teams headed by ASRC-McGraw (ASRC), Aggregate Construction Inc. (ACI) and S&S General Contractors (S&S). Our evaluation process identified S&S's proposal as the one that offers the best overall value to CBS. The following paragraphs describe the strengths of S&S's proposal for each evaluation criterion:

1. Cost: S&S committed to complete more project priorities than the other proposers, and as a result their proposed cost is the highest. See table below.
2. Work plan and schedule: The S&S work plan calls for a geotechnical evaluation and design work in 2014, followed by construction in 2015. The geotechnical information will be incorporated into a "value engineering" report that could result in cost savings to CBS, due to different construction methods proposed by the contractor. With construction slated for 2015, DOWL HKM, S&S's design partner, will have ample time to incorporate the value engineering recommendations into the final project design.
3. Qualifications: S&S came out on top in this criterion, due in large part to DOWL. The Juneau-based firm has designed several successful road reconstruction projects in Sitka, including Seward, Oja, Monastery and Baranof Streets. S&S has worked well with DOWL's plans in the recent past, rebuilding Seward and Baranof Streets. Additionally, S&S had the highest level of road rebuilding experience among the proposers.
4. Creativity: S&S made a convincing case that complete replacement of the sidewalk, curb and gutter is the prudent course of action, which agrees with Public Works' stance on the issue. S&S's thoughtful, creative approach to this task impressed the evaluation team.
5. "Good neighbor approach": With 104 residential lots and 87 driveways adjacent to Edgcumbe Drive, we wanted a project team that would minimize construction-related disruption to residents and Keet Gooshi Heen students. S&S's work plan respected the need for travelers to use Edgcumbe during construction, for residents to have access to their homes, and for emergency vehicles to use the road when needed.

The following table depicts the scope of work and costs proposed by each team.

<b>Project Priorities identified in the RFP</b>	<b>ASRC</b>	<b>ACI</b>	<b>S&amp;S</b>
(1) reconstruct road	yes	yes	yes
ADA curb ramps (#)	14	19	27
cross-culvert replacement (linear feet)	1,850	1,721	2,090
(2) provide water stub-out at Kashevaroff Street	yes	yes	yes
(3) replace Charteris stormwater system	yes	yes	yes
(4) replace storm water manholes / catch basins (#)	7	7	8
replace catch basin frames and grates (#)	11	8	28
(5) sidewalk replacement (square yards)	790	500	4,500
curb & gutter replacement (linear feet)	1,500	1,000	10,600
(6) replace sewer manhole frames and lids (#)	0	0	0
<b>Proposal cost</b>	<b>\$3,039,861</b>	<b>\$3,951,090</b>	<b>\$4,592,500</b>

While the other proposals had strong points as well, S&S's stood out for its commitment to completely rebuild the sidewalks, curb and gutter within our project budget. Addressing these issues along with the reconstruction of the road bed and pavement is the most cost-effective approach in the long term, because the sidewalks, curb and gutter will fail during the design life of the roadway. Completing the entire project now will allow CBS to focus on other failing roads in the years ahead without addressing residual problems on Edgcumbe.

CBS has negotiated the final project scope and cost with S&S. They decreased their proposal to \$4,536,500, and agreed to take on some Quality Assurance tasks that CBS had budgeted to do ourselves. Per the RFP, we have added \$100,000 to the negotiated contract amount for minor change items. This contract line item may or may not be used, at CBS's discretion, to address changes required beyond the contractor's scope of work. The final negotiated contract amount totals \$4,636,500.

Fiscal Note:

The project has funding from various sources, all of it secured:

*Project Funding*

FY2013 Legislative Grant: Jeff Davis and Edgcumbe Drive	\$2,900,000
FY2014 Budget	\$723,000
Transfer from FY2013 Public Infrastructure Sinking Fund	\$653,219
Transfer from FY2014 Public Infrastructure Sinking Fund	\$822,776
Reallocation of closed capital projects (approved at 10/22/13 Assembly meeting)	<u>\$360,000</u>
Total project funding available	\$5,458,995

*Project Budget*

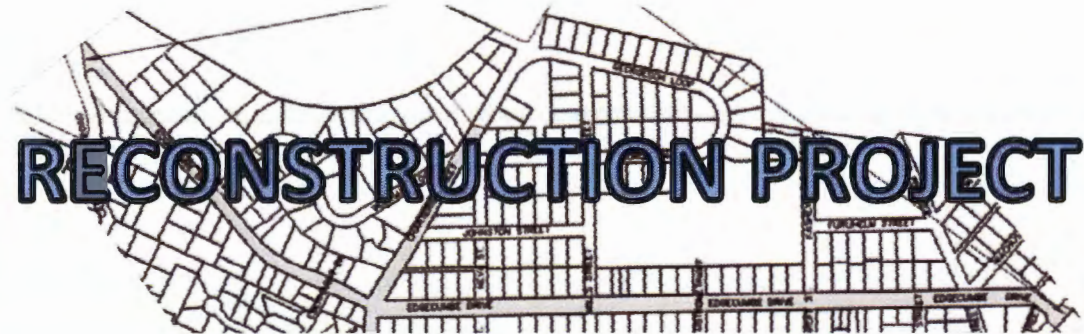
Administration costs	\$88,906
Construction management	\$150,000
Survey	\$60,000
This contract	<u>\$4,636,500</u>
Remaining in budget for contingency	\$523,589

This is a healthy contingency to address unforeseen conditions. Any remaining funds would be rolled back into the Public Infrastructure Sinking Fund.

Recommendation:

**Approve award of a design-build contract for the Edgcumbe Drive Reconstruction Project to S&S General Contractors for \$4,636,500.**





## Why do we need to do this?

- ✓ Edgumbe Drive is the longest road owned and operated by the City and Borough of Sitka (CBS). It serves a dense neighborhood, Keet Gooshi Heen Elementary School and is part of a tsunami evacuation route.
- ✓ Constructed in the 1970s, Edgumbe Drive hasn't been resurfaced since 1989. Problems include potholes, cracks in the pavement, failing culverts and deteriorating sidewalks.
- ✓ **A 2009 road condition survey rated the remaining service life of most of Edgumbe at 6 years. In 2013, the CBS road crew spent more maintenance time on Edgumbe than on all other CBS streets combined.**
- ✓ Most of the sidewalks do not meet Americans with Disabilities Act (ADA) standards, and none of them will survive the design life of the rebuilt road. Simultaneous replacement of sidewalks and pavement will minimize cost and disruption.

## Can we afford it?

*Yes. CBS has assembled a budget of \$5.4 million. Public Works was pleased to receive a proposal from S&S General Contractors that will repave the road, correct storm drainage problems and replace deteriorating and/or non-ADA-compliant sidewalks for \$4.6 million.*

## Why the S&S and DOWL team?

- ✓ The team will provide a designer with a history of outstanding performance in Sitka: DOWL HKM.
- ✓ S&S has experience constructing DOWL designs in Sitka, including Baranof and Seward streets.
- ✓ They offered a geotechnical evaluation and 'value engineering' report that could reduce the price.
- ✓ The team's 'good neighbor approach' will keep residents informed and manage vehicular and residential access throughout the project.
- ✓ **The evaluation team identified the S&S proposal as the one that offers the best value to CBS.**





## Legislation Details

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File #: 14-123      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 5/21/2014      In control: City and Borough Assembly

On agenda: 5/27/2014      Final action:

Title: Award a contract to Municipal Solutions, LLC to conduct and complete a comprehensive management plan for the City and Borough of Sitka

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Municipal Solutions](#)  
[Memo Municipal Solutions](#)  
[Letter of Engagement & Scope of Work](#)  
[Contract to Provide Professional Services](#)

Date	Ver.	Action By	Action	Result
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## **POSSIBLE MOTION**


I MOVE TO award a contract to Municipal Solutions, LLC to conduct and complete a comprehensive management plan for the City and Borough of Sitka, and authorize the Municipal Administrator to execute the Letter of Engagement & Scope of Work and Contract to Provide Professional Services by and between Municipal Solutions, LLC and the City and Borough of Sitka.



# City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

*Coast Guard City, USA*

**To:** Mayor McConnell and Assembly Members  
**From:** Mark Gorman, Administrator   
**Date:** May 21, 2014  
**Re:** Municipal Solutions Efficiency and Cost Savings Contract

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**Recommendation:** Request approval to enter into a contract with Municipal Solutions, LLC for an efficiency and cost savings study. The contract is enclosed (Attachment A).

**Background:**

In January of 2014, at one of its visioning sessions, the Assembly directed the Administrator to examine options for an outside study to examine how to gain efficiencies and reduce costs within the Municipality.

In response to the Assembly's direction, Administration requested proposals from external organizations for the study. Three proposals were received and two were deemed to be responsive.

A team of Municipal Department Heads, under the leadership of the Administrator, evaluated the two responsive proposals and decided that the attached proposal from Municipal Solutions best met the needs of the municipality.

**Discussion of Services to be Provided:**

Municipal Solutions will conduct an efficiency study. Through the study, Municipal Solutions will accomplish the following:

- provide clear cost and service justifications for services provided to citizens and taxpayers;
- provide cost containment recommendations to either increase efficiencies and contain or reduce costs;
- provide recommendations for enhanced services which will provide employees with the tools to effectively represent and deliver the tasks of government; and,
- make recommendations as to the streamlining of operations in order to increase the productivity of existing personnel and provide policy makers with essential management information.

How is an Efficiency Study conducted? Municipal Solutions will examine and report on the comprehensive health of the Municipality. Among the areas Municipal Solutions may examine are the following:

- Accounting & Budgeting
- ADA Compliance
- Cooperative Service Analysis
- Customer Service
- Litigation Analysis
- Management Options
- Organizational Structure
- Personnel / Staffing
- Procurement & Purchasing
- Records Storage
- Revenue Analysis
- Risk Management Analysis
- Rules, Policies and Procedures
- Technology Asset Management

What type of report will the Municipality receive? We will receive a detailed report of findings - with affirmation / validation of the current efficiencies and also recommendations for greater efficiencies.

Is the Municipality bound or required to implement any of the recommendations? No, the report is advisory in nature.

**Fiscal Note:**

The cost of the efficiency study is not to exceed \$52,000 and will be charged to Department 8, General Office.

The Municipality plans to pay for the study with sales taxes collected in the 1<sup>st</sup> Quarter CY2014, which have exceeded planned amounts by \$52,000.

Results from efficiency studies performed in other Municipalities indicate that, if recommended efficiency improvements are implemented, costs savings equal to, or greater than, the cost of the study will be realized.



# LETTER OF ENGAGEMENT & SCOPE OF WORK

THIS AGREEMENT IS MADE THIS 28TH DAY OF MAY, 2014, BY AND BETWEEN THE CITY AND BOROUGH OF SITKA, ALASKA (CITY) & MUNICIPAL SOLUTIONS, LLC. (CONSULTANT)

## City & Borough of Sitka, Alaska

Developing a “Comprehensive Management Plan” for the City & Borough and Sitka by conducting a comprehensive examination of infrastructure, policies, practices, and procedures for the City and Borough of Sitka.

## Services

Below is a description of what Municipal Solutions, llc will be servicing and the appropriate detail of these and other services, which we will provide or deliver, and the timeline expected for delivery of those items:

## **OVERVIEW**

Like most local governments, the City and Borough of Sitka (CBS) experiences demands for services despite significant financial constraints and a challenging economy. Citizen demands for the expansion of services that already exist and requests for new services is a growing challenge for elected officials and CBS staff. There is additional financial pressure resulting from significant increases to address deferred maintenance and capital investment. Accordingly, there is an imperative to develop and implement a comprehensive plan that can provide CBS strategic direction.

The current economic situation provides a unique opportunity to re-examine services they are providing, the levels of service, and the internal systems, tools and processes which may not be as efficient or effective as possible. While government operates under different constraints than the private sector, government can, and should, in large measure, become much more efficient and effective in delivering services to its resident, tax-paying public.

This General Fund Comprehensive Management Plan is a detailed organizational, financial, and process assessment of the City and its operations. To paraphrase Robert Louis Stevenson, our reports are written “not be merely understood, but written so that the reader cannot possibly misunderstand” by the various individuals who will read it including (as is often the case) media, elected officials, department staff and the general public. Each of our efficiency audits and management strategic plans are written to be easily implemented.

We will conduct a comprehensive examination of infrastructure, policies, practices, and procedures for the City and Borough of Sitka. This will be accomplished through such methods as a performance audit and other activities. This “Comprehensive Management Plan” of the City & Borough and Sitka will include and determine:

1. *whether the City and Borough is acquiring, protecting, and using its resources (such as personnel, property, and space) as economically and efficiently as possible,*
2. *the causes of inefficiencies or uneconomical practices, and*
3. *whether the City and Borough has complied with laws and regulations or matters of economy and efficiency.*

**OBJECTIVES OF THIS PROJECT**

Municipal Solutions shall address the following objectives:

- A. Examination will include needs, skills, processes, resources and priorities to determine whether improvement to operational efficiency (*time*), and expenditure reductions (*costs*) can be realized during the next budget year and beyond.
- B. Examine functions; evaluate the form or structure *Operation Services* only as is necessary to determine whether it is optimal towards fulfillment of these functions, the department and City-wide goals, objectives and priorities; and determine whether the current resources (personnel, technology and physical assets) are being used efficiently.
- C. Determine optimization alternatives to the organization's functions, forms / structure, and resources.
- D. Determine if, where, and why internal stop-gaps are failing and how they can be remedied.
- E. Determine and quantify the most effective strategy to accomplish its organizational objectives.
- F. Determine the most effective means for reducing the cost of operations while improving service delivery and service quality.
- G. Establish the basis for internal assessments, controls, monitoring, and reporting for perpetual organizational improvement to these ends.

**SCOPE OF WORK**

Our Comprehensive Management Assessments and Plans are universal in their application within each organization we assist. While our methodology generally requires consultant teams with familiarity of local government, our team has intimate knowledge of what *Functions* must be performed, which *Forms and Structures* are most effective for each local institution, and how *Personnel and Physical Resources* can be efficiently utilized to realize significant cost savings and service quality improvement.

The study will provide the City and Borough with an independent assessment of the effectiveness and efficiency of the provision of Municipal Services. The consultant will be expected to identify implementation recommendations that are equitable, effective, efficient and achievable in the context of an overall strategy. The following components are essential to the study:

- Analyze service levels, workloads and staffing
- Evaluate programs and services in terms of necessity, efficiency, staffing, funding and responsiveness to citizen needs
- Identify policies, procedures or other factors that impede productivity and effectiveness
- Recommend alternatives that will enable the City & Borough to deliver services in the most efficient and effective manner possible
- Project savings in operating costs that will result from implementing recommendations

This study will be conducted in consultation with department heads and employees as necessary, and will include the following functions:

- Public Safety: Police, Fire, EMT;
- Utilities: Public Works, Electric, Buildings, Water, Wastewater, Solid Waste;
- Services: Library, Parks & Recreation;
- Ports: Airport, Harbors;
- Other: Industrial Park, Cold Storage Facility

**A. PRE-ASSESSMENT**

**Objectives: Discovery & Orientation**

Discovery: Gather a variety of information from City / Borough staff necessary to begin familiarization of the City / Borough’s systems, tools, and processes.

Kickoff Meeting: Prepare orientation materials for a ‘kick-off’ meeting / discussion with the Operations Services Department head and division managers regarding principals of *efficiency, effectiveness, and sustainable innovation* – and what they mean from various organizational perspectives (City / Borough administration, managers and line / field staff as determined necessary). Discussion on service delivery, and how innovation ultimately translates into measurable cost savings and quality of service to customers. Brief discussion on the objectives of our work, timelines, and outcomes. Discussion on the project scope of work and the range of potential outcomes

*Note: organizational changes to functional duties, as it pertains to current planning and scheduling functions, policies, procedures, and paperwork.*

**Timing**: Within 30 days of contract execution.

**Note: Examples are provided for illustration only.  
All alternatives will be explored and validated or excluded.**

**B. ASSESSMENT**

**Objective**:

Comprehensively examine the City & Borough’s departments and identify essential Service Area Functions, the Form or Structure currently being used to carry out its intended objectives, and evaluate whether Function, Form or personnel and other physical Resources are optimal in reducing the cost of operations. Determine where significant cost-savings can be realized both short-term and in perpetuity, and provide a full evaluation and detailed recommendations including policy, *technological alternatives*, reorganization, reassignment and use of resources.

**Function: Service Delivery & Process**

Evaluate principal areas of department functions, what services they provide (internal and external), and how current processes deliver those services. Examine rate-based revenues, user fees, and tax-generated revenues for legal and prudent ways to redistribute costs for services and operational expenses.



**Organizational Structure / Management Options:**

Evaluate how the organizational structure, within and among departments might be more efficient in addressing current service areas. Such reorganization might include combining or separation of functions, sharing of resources, and / or the reassignment of personnel.

**Resources: Management/Use (Personnel, Technology, Physical Facilities)**

Evaluate current Personnel, Technology and Physical Facilities to discover greater efficiency than is currently realized. Consider the reassignment of personnel, more efficient use of physical facilities, and better use of technologies to improve efficiency and service delivery. *Report will include the current and potential use of Best Available Technologies (BAT) to ensure the most efficient installation of equipment and effective operation of the City departments and functions.* Recommend the installation, removal or replacement of equipment or programs to meet organizational financial and service delivery goals. Consider the benefits and cost savings of Electronic government (E-Gov) services which provide greater access for residents and businesses to municipal services while providing more efficient process management for staff and cost savings to the organization.

**Rules, Policies, and Procedures**

Evaluate internal rules, policies, and procedures for compliance, adequacy, and effectiveness.

**System-Wide Operational Policies**

Evaluate existing system-wide operational policies for effectiveness, adequacy, and functionality by identifying existing operational policies and standards of performance; Measure performance and compliance with existing operational policies and standards; Review effectiveness, adequacy and practical functionality of operational policies; Establishing benchmark governmental operational policy standards; Compare and contrast established benchmark policy standards with current operational policy standards; Make recommendations to correct deficiencies discovered; Identify existing operational policies and programs that are efficient and effective.

**Personnel**

Analyze the staffing requirements and existing positions; determine the following concerning existing staff positions; *Is there a sufficient number of positions to adequately perform the City & Borough's services safely, efficiently and effectively? Are staff performing tasks efficiently, effectively, and economically or can positions be consolidated or eliminated?* Identify controlling personnel policies and determine level of compliance by existing personnel and management; Evaluate hiring standards; Review payroll procedures; and the recent Fox Lawson Compensation Study; Determine if best management practices are utilized to supervise personnel; Evaluate personnel training programs; Make recommendations to correct deficiencies discovered in personnel analysis.

**Procurement and Purchasing**

Evaluate procurement and purchasing practices utilized by City & Borough government in an attempt to determine: Legal purchasing guidelines are being followed; Evaluate purchasing policies and management practices; Determine level of compliance with statutes and policies; Identify weakness in internal and external control mechanisms; Verify competitive bidding requirements are being followed; Determine effectiveness of supply ordering and requisitioning system; Examine appropriateness of forms utilized; Identify concerns in receiving goods; Evaluate technology utilized to support purchasing activities; and make recommendations for improvements to correct purchasing and procurement deficiencies.



**Data Processing, Technology Evaluation & Records Storage Assessment**

Evaluate City & Borough data processing and technology assets including SCADA: Identify and inventory system-wide data processing assets; Evaluate efficiency and adequacy of existing assets; Determine system-wide needs for data processing and service personnel, equipment, hardware, software; Identify safety and security concerns; Evaluate records storage concerns, space and alternatives; Make recommendations for staffing levels and needed data processing equipment; Determine if system-wide data processing functions are being duplicated by other City & Borough departments, and if so, would it be practical and cost effective to consolidate these functions; and Project cost estimates for system-wide needs for the next five (5), ten (10), fifteen (15), and twenty (20) years.

**Public Partnerships, Mutual Aid and Outsourcing**

Evaluate the potential for Mutual-Aid Agreements with other public institutions, including the Sitka Community Hospital and Sitka School District, or other government agencies in addressing services, technology or personnel towards performance improvement and / or cost-sharing of similar operations or maintenance expenses. Examine the potential for Outsourcing certain functions or services to private institutions including the potential of privatization of services and fee-based contracts.

**Shared Cooperative Service Analysis**

Evaluate and compare potential shared and cooperative governmental services within the town.

**MANAGEMENT PLAN / DELIVERABLES**

**Comprehensive Management Plan (Preliminary Report)** status of interim findings and observations. These reports are generally of an interim basis, meaning, they are not intended for public review as they are a part of an incomplete work product requiring further validation and clarification.

**Comprehensive Management Plan (Final Report)** will present validation of current best practices in use, illustration of potential problems or concerns, and identification of alternatives and cost-benefit analysis that can be implemented strategically. The Final Report is generally put in terms that a lay-person could easily understand & move forward after reading, but contains enough detail to permit the technician in his / her field of expertise to implement effectively. Final Report will be comprehensive in nature – covering all related or interconnected departments and services. Solutions will be as specific and detailed as possible.

**Presentations & Training.** We will present to the city Assembly and work with staff in additional training as needed based on the outcome of the Assessment & Final Report recommendations.

Element	Deliverable	Timing
<b>A</b>	Preliminary Report <i>(draft working document)</i>	60 days from execution of contract <i>(or sooner if requested).</i>
<b>B</b>	Final Report	60 days from Preliminary Report <i>(or sooner requested)</i>
<b>C</b>	Presentations to Staff, City Assembly and Committees.	As necessary. Communication w/ the Media : approved, prudent & useful

**Optional / Additional**

The following additional services can be performed if requested:

- A. Enterprise Fund Recovery / Policy Revision
- B. Procurement Audit: *Bid Specifications / Document Preparation, Vendor Evaluation / Selection & Contract Admin.*
- C. Strategic Planning of Annual Goals & Policies
- D. Specific Skills Training
- E. Customer Service Audit / Customer Service Training
- F. Utility Franchises / Fee Audits (*water, electric, harbor / storage fees, electric, etc*)
- G. Change Management workshops
- H. Strategic Planning Workshop (staff or Assembly)
- I. Preparing & Securing Inter-government / Inter-agency Agreements
- J. Administration of Contracts or Agreements
- K. Review and revision of job classifications and descriptions and policy manual.

**RATE**

Municipal Solutions' rates are structured one of three ways: Project-based, Hourly Rate-based, or Reduced Hourly Rate-based. **Project-based** rates are determined by overall project scope, time required for completion and the likelihood of variable costs or shifting timelines. Normally, **Hourly Rate-based** rates average between \$125-\$250 per hour but can vary depending upon the complexity / risk of the project, municipal organization and / or service level complexity, size and budget of the municipality, regional factors, the priority requested by a client, the levels of cooperative and independent effort, and the time constraints necessary to complete the work.

Our fee for the services enumerated in this Scope of Work are:

- Option A: Total cost for services **not to exceed the Project-Based amount of \$49,828 which includes all expenses and travel reimbursements\***.
- Option B: Total cost for services including an on-site presentation of the Final Report to the Management Team and Assembly, **not to exceed the Project-Based amount of \$51,156 which includes all expenses and travel reimbursements\***.

*\* both options include implementation training.*

Both fees are based on anticipated efforts from Municipal Solutions, llc with the understanding that unexpected or changing circumstances will not be encountered during the engagement without revision to the terms of this agreement. Should such revisions be necessary, the stated hourly rate is provided for consideration of extension of services however, the City will only pay the expenses and travel reimbursement actually incurred by the City.



Project Component	Hourly Rate	Total Hours	Amount
<b>Pre-assessment (offsite and on-site)</b>			
Gathering Electronic and Paper Documents communication with staff, transmittals, clarification, dissemination.	\$ 125	16	\$2,000
Document Review / Revise needed documents list.	\$ 160	20	\$3,200
Meeting Scheduling / Preparation	\$ 125	8	\$1,000
		<b>44</b>	<b>\$6,200</b>
<b>Department Meetings, Data Collection and Validation</b>			
White-board Management / Staff Meeting (on-site)	\$ 160	10	\$1,600
Individual Department Staff Meetings 3-days onsite - interviews, data collection & validation.	\$ 160	120	\$19,200
		<b>174</b>	<b>\$20,800</b>
<b>Final Report and Presentation</b>			
Preliminary Report Prep - Team Collaboration (on-sight)	\$ 125	40	\$5,000
Preliminary Report Draft	\$ 125	16	\$2,000
Final Report	\$ 160	16	\$2,560
Presentations, discusison, clarification & training	\$ 160	8	\$1,280
Client-requested Revisions / Edits	\$ 125	12	\$1,500
		<b>92</b>	<b>\$12,340</b>
<b>PROJECT TOTALS</b>		<b>Hours</b>	<b>Amount</b>
<b>PROJECT COMPONENTS</b>		<b>266</b>	<b>\$39,340</b>
<b>EXPENSES</b>			<b>\$10,488</b>
<i>(add'l onsite presentaiton to Management &amp; Assembly)</i>			\$1,328
<b>TOTAL PROJECT COST (w/out travel for final presentation)</b>			<b>\$49,828</b>
<b>TOTAL PROJECT COST (with travel for final presentation)</b>			<b>\$51,156</b>

Because Municipal Solutions, llc consultants are specialists and practitioners in various fields and professions, retaining the best, but affordable team members is essential to the success of this project. We are responsible for ensuring that our findings are based on fact, and defensible in court (if ever necessary). That is our standard.

The Hourly Rate or Project Rate or any additional work not supplied in this agreement will be determined at that time and included in any amendments to this or separate agreements by written change order. All supplies related to all elements including publication of documents, are included as are the use of municipal supplies, telephone and photocopying equipment by Consultant Team Members is approved while on-site as is appropriate to offset additional expenses.

- Principal / Project Manager:** Hourly Rate of \$160
- Senior Associates:** Hourly Rate \$125 - \$160
- Project Associates:** Hourly Rate of \$75 - \$125
- Analysts:** Hourly Rate of \$25 - \$75
- Expenses (included):** Client billed only local per diem for # days x # persons.  
 Travel and related expenses for # persons @ \$500 max.  
 Printing & Shipping costs: \$500  
 Hotel: \$ within local per diem

Included travel expenses are included in the overall project cost. We anticipate a maximum of 5 consultants x 3 days on-site R/T airfare and IRS-standard per diem food and lodging.



*Additional meetings or client delays (i.e. return visits, presentations, edit revisions, approvals) will be billed as additional expense if incurred. Under such circumstances, the client will be billed actual costs associated with local per diem for # days x # persons; airfare and related travel expenses for # persons.* Invoices are also itemized including time and expense. Internal project status worksheets are kept by the Consultant to ensure all projects do not exceed the amount contracted. Unless otherwise stated in this agreement, clients are billed in 'progress payments' payable within 15 days of invoice date. Invoices will not be itemized. This project will be billed as follows:

- 25% due within 15 business days of the execution of this agreement.
- 35% due within 15 days of submittal of Preliminary Report.
- 40% due within 15 business days of submittal of the Final Report.

A 5% per month *Late Charge* will be charged on any outstanding balance not paid within 30 days of the invoice date, and no late charges will occur so long as payment is current. Although we are available to provide you with municipal consulting services, we are not obligated to venture beyond the terms of this agreement in writing. The City / Borough should rely on advice from our organization, however, we prefer to fully review and report our recommendations and results in writing to the City / Borough of Sitka.

This Agreement contains the entire agreement of the parties and this agreement may be amended in writing. Unexpected or changing circumstances may be encountered during the engagement; therefore, changes may be necessary, by the request of either party, without revision to the terms of this Agreement. It is understood that changes must be reduced to writing. Client also understands that many of our consultants are also practitioners in other public agencies, which will require some flexibility in scheduling arrangements, adjustments of deadlines and potential substitution of consultants.

#### **SUCCESS PAYMENT**

If the City implements and realizes cost savings, and increasing revenues. An additional Success Payment may be awarded to the consultant in an amount not to exceed \$10,000. This would be a one-time award and contingent on the recommendation of the Municipal Administrator with Approval of the Assembly.

#### **CONSULTANT REPRESENTATION**

Municipal Solutions, llc cannot provide an assurance that a 'perfect' product will be rendered. However, all efforts will be made to ensure the best product possible for the client. Circumstances may arise in which it is necessary for us to modify our efforts or withdraw from the engagement. To mitigate the effects of such circumstances, the findings or reasons for concern, modification or withdrawal will be communicated clearly by each agent of this agreement, and in writing. Both parties agree to work in good faith to avoid any delay or premature termination in the relationship.

The Client has the ultimate responsibility for outlining the necessary outcomes of this agreement and in providing copies of necessary materials and documents. Municipal Solutions, llc has the responsibility of providing timely and accurate information,



communications, results and final products in fulfilling the established objectives and tasks of this agreement. This responsibility includes the maintenance of adequate records and internal controls and the safeguarding of accomplished tasks – including any relationship with associates or teaming partners. Our engagement cannot be relied upon to disclose every problem in the relationship; however, both parties agree to notify each other immediately if any such matters come one or the other's attention. We have confidence that the relationship will greatly benefit both parties.

The Client agrees that all records, documentation, and information in its possession in connection with our engagement (not limited to Exhibit A) will be made available to Municipal Solutions, and its assigns or teaming partners, and agrees that all records, documentation, and information in our possession in connection with our engagement will be made available to you. Both parties agree that all material information will be disclosed one to another, that Municipal Solutions, llc will have the full cooperation of the Company's personnel, under direction of its Principal, for the efficient and effective completion of the requested services. Both parties agree that the City and Borough of Sitka shall solely own any document, record or information created by the parties under this Letter of Engagement. The City and Borough of Sitka shall not have to pay any party for the use or continued use of any document created under this Letter of Engagement, and Municipal Solutions, llc may use the final work product for marketing purposes. As required by generally accepted standards, we will make specific inquiries into various organizations to whom a relationship exists or may eventually exist. If the responses to our inquiries, the oral and written representations, and the results of our efforts somehow appears to compromise our relationship, both parties agree to first try and resolve this relationship together without resorting to litigation. If both parties are unable to resolve the dispute, then either party shall be allowed to pursue litigation or arbitration to resolve the dispute. Any action or lawsuit brought to construe, interpret, or enforce this agreement shall be brought in the superior court of the State of Alaska, in Sitka, Alaska. Venue for any such action or lawsuit shall be exclusively in Sitka, Alaska. The parties specifically disavow any application under the removal jurisdiction of the federal courts on grounds of diversity, in any litigation concerning this agreement.

Although we are prepared to provide you with additional consulting services beyond the terms of this agreement, we are not obligated to venture beyond the scope of this agreement unless specifically requested and compensation affixed in writing. It is our policy to put all amendments to this agreement in writing. Both parties should rely on advice from our organization, however, we prefer to fully review and report our recommendations and results in writing to you.

If the above terms are acceptable to you and the services outlined are in accordance with your understanding, please sign this letter and return to us as soon as possible.

We are pleased to have this opportunity to work with you.

Accepted:

**By:** \_\_\_\_\_  
Municipal Administrator  
Mark Gorman

**By:** \_\_\_\_\_  
David A Evertsen, Principal

**Representing:** City and Borough of Sitka

**Representing:** Municipal Solutions, llc

**Date:**

**Date:**

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**Exhibit A – List of Documents and Materials for Pre-Assessment**

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During the Pre-assessment phase, City / Borough staff will be provided a list of documents, details and data which will be needed by the consultants. Documents which may be requested include (but are not limited to) the following:

**Staff Contact Information**

- Internal Telephone and Email list.

**Rules, Policies & Procedures**

- Personnel Manual/Policies and Procedures, including purchasing, vehicle use, customer service, operational policies, etc.
- Management goals and priorities, as previously approved for last three years.

**Cooperative Service Agreements**

- Agreements with or between other government agencies for sharing of services (may include purchasing, service delivery, resource sharing, etc).

**Organizational Structure / Personnel**

- Current Organizational Chart including all classified positions by department and including members of boards and commissions.
- Total Personnel by department current and last five (5) years.
- Current Employee Classification System, including pay grades and ranges for positions, employees by classification and their current pay grades and ranges.
- Copies of Job Descriptions for all classified positions.

**Accounting, Budget, Finance, Revenue & Expenditure Analysis:**

- Most recent annual Audit report.
- Operating Budgets for Fiscal Year and previous two years. Include any special revenue or enterprise funds.
- Capital Improvements Program (5 year if available).
- Copy of IT or Technology Plans spanning the last 5 years.
- Lists of fixed assets / capital facilities / property / vehicles.
- List of Service Contracts with private service providers including software licenses, maintenance agreements, printer / copier leases, mobile phone plans, etc. Actual documents can be inspected onsite as needed.
- List of any Mutual-aid Agreements with other government agencies, special districts, school districts.
- Map of the City / Borough illustrating locations of all public buildings, public property that does or will have computers and telephones.
- List of grants received and currently managed.
- Pole Attachment Agreements – Electric Department
- ADOT Street Light Agreements – Electric Department

**General Information:**

- Prepared public information regarding local economics, demographics, and statistics.

Much of this information will be required for us prior to our onsite work.

When we begin our onsite work, a whiteboard session will require key department personnel in attendance, one-on-one interviews over two days and follow-up/Q&A by email and/or telephone over the term of the project.

During our onsite work, we will need use of a conference room, a work space for three/meeting space for two days, access to a network printer, photo copier, Internet access, and telephone while onsite.

**Equipment / Space Needed:**

- Dedicated work space for both days (i.e. conference room with space for 10-12).
- Individual 'meeting' spaces in each department or division for sit-down or face-to-face meetings (i.e. space for 3-4).
- Internet access for web research and email correspondence (send and receive capability).
- Temporary read-only access to 'shared' network databases for document retrieval and review. Ability to log on to the terminal server through the Internet or network connection to get to your intranet.
- Use of Printer, Photocopier and telephone equipment while on-site.



**CONTRACT TO PROVIDE PROFESSIONAL SERVICES TO  
CITY AND BOROUGH OF SITKA BY MUNICIPAL SOLUTIONS, LLC  
FOR COMPREHENSIVE MANAGEMENT PLAN**

City and Borough of Sitka (“Owner”) desires the firm Municipal Solutions, LLC (“Contractor”) to Provide Professional Services for The Comprehensive Management Plan. This Contract to Provide Professional Services to City and Borough of Sitka for The Comprehensive Management Plan (“Contract”) is made and entered into by and between Owner and Contractor in consideration of the mutual promises contained in this Contract.

This Contract also consists of:

Municipal Solutions, LLC Letter of Engagement & Scope of Work dated May 28, 2014.

**SECTION 1. DEFINITIONS**

For the purpose of this Contract, the terms used in this Contract shall have the following meaning:

- A. “Owner” shall mean the CITY AND BOROUGH OF SITKA, Alaska.
- B. “Contractor” shall mean Municipal Solutions, LLC, a Partner, Associate, or any other person acting for and/or in behalf of the firm Municipal Solutions, LLC.
- C. “Owner’s authorized representative” shall mean the person set forth in Section 21 (B)(2) of this Contract.
- D. “Days” shall mean calendar days.

**SECTION 2. CONTRACT TIME**

- A. This Contract becomes effective when signed and dated by both Parties.
- B. Contractor shall commence performance of the work identified in Section 4 immediately following receipt of the Notice to Proceed.
- C. Except as expressly allowed under this Contract, Owner need not grant Contractor any extension in the time provided to complete the work under this Contract. If Contractor’s progress falls behind the project schedule, Contractor shall commit additional resources to the prosecution of the work, or take such other additional steps as are reasonably necessary to assure the completion of the work on schedule, all at no additional cost to Owner.

### **SECTION 3. RESPONSIBILITY OF CONTRACTOR**

At all times during Contractor's performance of professional services under this Contract, Contractor shall possess and exercise the level of competence, knowledge and skill presently maintained by other practicing members of the profession in good standing in the same or similar localities.

### **SECTION 4. SCOPE OF SERVICE**

The services to be performed by Contractor shall include all services required to complete the tasks set forth in Contractors Revised Fee Proposal, dated May 28, 2014, and shall be in accordance with all applicable statutes, Sitka General Code provisions, ordinances, rules, and regulations. Completion date is \_\_\_\_\_.

### **SECTION 5. OWNERSHIP OF DOCUMENTS**

All plans, drawings, calculations, supporting data and specifications, originals and tracings, shall become the property of Owner. Such documents shall be transmitted to Owner prior to the time of final payment for the work under this Contract. Contractor shall be entitled to retain and reference record copies and electronic files of all documents and nothing shall prohibit Contractor from use of work products in marketing and promotion for future work. No changes to the original work products will be made without express written approval of the consultant. (stated later).

### **SECTION 6. TERMINATION**

This Contract may be terminated:

- A. By mutual consent of the Parties.
- B. For the convenience of Owner, provided that Owner notifies Contractor of its intent to terminate under this paragraph at least 10 days prior to the effective date of the termination.
- C. For cause, by either Party where the other Party fails in any material way to perform its obligation under this Contract; provided, however, that as a condition of the exercise of its right of termination under this subsection the terminating Party shall notify the other Party of its intent to terminate this Contract and state with reasonable specificity the grounds, and the defaulting Party shall have failed, within 30 days of receiving the notice, to cure the default.
- D. Termination pursuant to this section shall not affect the Parties' continuing obligations under this Contract.

### **SECTION 7. DUTIES UPON TERMINATION**

- A. If Owner terminates this Contract for convenience, Owner shall pay Contractor the reasonable value of any services satisfactorily rendered prior to termination. Payment under this section shall never exceed the total compensation possible under Section 9. All finished and unfinished reports and materials prepared by Contractor shall become the property of Owner.
- B. If this Contract is terminated for cause, Owner shall pay Contractor reasonable value of the services satisfactorily rendered prior to termination less any damages suffered by Owner because of Contractor's failure to perform satisfactorily. Any finished or unfinished documents or materials shall become the property of Owner at its option. Under no circumstances shall payment under this section exceed the percentage value of work completed as defined by Contractor's Fee Proposal and under Section 9. Under no circumstances shall payment under this section exceed the total compensation possible under Section 9.
- C. If Contractor has received payments prior to termination in excess of the amount to which it is entitled under Subsection A or B of this section, Contractor shall remit such excess to Owner within 30 days after receipt of notice to that effect.
- D. Contractor shall not be entitled to compensation under this section until Contractor has delivered to Owner all documents, records, work products, materials, and equipment owned by City and Borough of Sitka, related to this Contract and requested by Owner.
- E. If Contractor's services are terminated, for whatever reason, Contractor may not claim any compensation under this Contract other than allowed under this section.
- F. The Owner need not recognize any claim by Contractor for reimbursable expenses or costs incurred after the time which Contractor receives notice of termination under this section.

## **SECTION 8. INDEMNIFICATION**

- A. Contractor shall indemnify, defend, save, and hold Owner harmless from any claims, lawsuits, or liability, including attorney's fees and costs, arising from any wrongful or negligent act, error or omission of Contractor occurring during the course of or as a result of Contractor's performance pursuant to this Contract.
- B. Contractor shall not indemnify, defend, save, and hold Owner harmless from any claims, lawsuits, liability, or attorney's fees and costs, arising in wrongful or negligent acts, errors or omissions solely by action of the Owner occurring during the course of or as a result of the performance of this Contract.
- C. Where claims, lawsuits, or liability, including attorney's fees and costs, arise from

wrongful or negligent acts of both Parties, Contractor shall indemnify, defend, save and hold Owner harmless from only that portion of claims, lawsuits or liability, including attorney's fees and costs, which result from Contractor's wrongful or negligent acts occurring during the course of or as a result of Contractor's performance pursuant to this Contract.

## **SECTION 9. PAYMENT**

- A. For Contractor's Design, Bidding, Contract Services and Expenses, as described in Section 4 of this Contract, compensation will be paid on a time and expense basis, subject to Contractor's satisfactory performance, in a total amount Not to Exceed (NTE) **\$51,156** unless mutually agreed upon by both Parties prior to commencing additional work

Contractor shall **not** begin any phase of the work without written authorization by Owner. The Owner has the option of omitting any phase of the Contract as it deems necessary.

- B. Contractor shall present an invoice(s) to Owner's authorized representative. Such invoice(s) shall describe the work for which it seeks payment and shall document expenses and fees to the satisfaction of Owner's authorized representative. Invoices shall not be submitted more frequently than once every 30 days.
- C. Owner shall make payment on invoices within 30 days of the invoices' receipt and approval by Owner's authorized representative.
- D. Contractor shall be entitled to no compensation under this Contract beyond the amount of Owner's express obligation under subsection A above. Compensation for preliminary drawings, specifications and reports shall not exceed 50% of the total Contract amount.
- E. The amount to be paid for additional services, at the option of Owner, shall be negotiated at the hourly fees submitted in Contractors Revised Fee Proposal by the Parties prior to the execution of amendments to this Contract for this work.

## **SECTION 10. AUDIT: ACCESS TO RECORDS**

- A. Contractor shall maintain records of performances, communications, documents, correspondence and costs pertinent to this Contract. The Owner's authorized representatives shall have the right to examine such records and accounting procedures and practices.
- B. The Owner's authorized representative shall have the right to examine all books, records, documents and other data of Contractor related to the negotiation, pricing and performance Contract, and any change or modification for the purpose of evaluating the



accuracy, completeness, and currency of the data submitted. The right of examination shall extend to all documents necessary to permit adequate evaluation of the data, computations, and projections used.

- C. The materials described in this section shall be made available at the business office of Contractor at all reasonable times for inspection, audit or reproduction, for a minimum of 3 years from the date of final payment under this Contract and for such longer period, if any, as may be required by applicable statute or other provisions of this Contract.
- D. If this Contract is completely or partially terminated, records relating to the services terminated shall be made available to Owner by Contractor for a minimum of 3 years from the date of any resulting final settlement.
- E. Records which relate to claims or litigation or the settlement of claims arising out of the performance of this Contract shall be made available to Owner by Contractor until such claims or litigation have been concluded.

#### **SECTION 11. RELATIONSHIP OF PARTIES**

Contractor shall perform its obligations under this Contract as an independent Contractor of Owner. Owner may administer the Contract and monitor Contractor's compliance with its obligations. Owner shall not supervise or direct Contractor other than as provided in this section.

#### **SECTION 12. ASSIGNMENTS**

Unless otherwise allowed by this Contract or in writing by Owner, any assignment by Contractor of its interest in any part of this Contract or any delegation of duties under this Contract shall be void, and any attempt by Contractor to assign any part of its interest or delegate duties under this Contract shall give Owner the right immediately to terminate this Contract without any liability for work performed.

The Owner reserves the right to approve all subcontractor contracts.

#### **SECTION 13. NONDISCRIMINATION**

- A. Contractor will not discriminate against any employee or applicant for employment because of race, color religion, national origin, ancestry, age, sex or marital status or mental or physical handicap. Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, national origin, ancestry, age, sex, or marital status or mental or physical handicap. Such action shall include, without limitation, employment, upgrading, demotion or transfer, recruitment or recruiting, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. Contractor agrees to post, in conspicuous places, available to

employees and applicants for employment, notices setting forth the provisions for this nondiscrimination clause.

- B. Contractor shall state, in all solicitations or advertisements for employees to work on jobs relating to this Contract, that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin, ancestry, age, or marital status or mental or physical handicap.
- C. Contractor shall include the provisions of Subsection A in every subcontract or purchase order under this Contract, so as to be binding upon every such subcontractor or vendor of Contractor under this Contract.
- D. Contractor shall comply with all applicable Federal, State and City laws concerning the prohibition of discrimination.

#### **SECTION 14. COPYRIGHTS AND RIGHTS IN DATA**

All documents produced under this Contract are the property of Owner, including notes, drawings, reports and other technical information referred to as work products, except items which have pre-existing copyrights. Payments to Contractor for services include full compensation for all work products produced by Contractor and its subcontractors.

All such subject data furnished by Contractor pursuant to this Contract are instruments of its services in respect to this particular project. It is understood that Contractor does not represent such subject data to be suitable for reuse on any other project or for any other purpose. If Owner reuses the subject data without Contractor's specific written verification of adaption, such reuse will be at the risk of Owner, without liability to Contractor. Any such verification of adaption requested in writing by Owner at Owner's sole option will entitle Contractor to further compensation at rates agreed upon by the Parties.

Nothing in this agreement shall prohibit Contractor from using work products in its marketing and promotion efforts, from providing samples to potential clients, or in providing copies of this work product on its website.

#### **SECTION 15. NOTICES**

Any notice required pertaining to the subject matter of this Contract shall be in writing and either personally delivered or mailed by prepaid, first class, registered or certified mail, return receipt requested, to the following addresses:

**OWNER:**

**CONTRACTOR:**

City and Borough of Sitka  
Attn: Mark Gorman  
100 Lincoln Street  
Sitka, AK 99835

Municipal Solutions LLC  
Attn: David A Evertsen  
PO Box 5038  
Goodyear, AZ 85338

**SECTION 16. CLAIMS AND DISPUTES**

If Contractor becomes aware, or reasonably should have become aware, of any act or occurrence which may form the basis of a claim, Contractor shall immediately notify in writing Owner's authorized representative. If the matter cannot be resolved within seven (7) days, Contractor shall, within the next fourteen (14) days, submit a written notice of the claim. Contractor shall, in presenting the claim, include the facts and circumstances surrounding the claim, the specific relief requested including any additional compensation claimed and the basis upon which it was calculated, and the provisions of this Contract under which the claim is made. This procedure covers all claims by Contractor for additional compensation or any extension of the time for performance or any dispute regarding a question of fact or interpretation of this Contract. Contractor agrees that unless these written notices are provided, Contractor shall have no entitlement to additional time nor compensation for such act, event or condition.

**SECTION 17. SUCCESSORS AND ASSIGNS**

The Parties bind themselves, partners, successors, assigns and legal representatives to the other Party to this Contract and to partners, successors, assigns and legal representatives of such other Party with respect to all covenants of this Contract.

**SECTION 18. INSURANCE**

A. Contractor shall at all times during the term of this Contract, maintain in good standing the insurance described in Subsection B. Before rendering any services under this Contract, Contractor shall furnish Owner with proof of insurance in accordance with Subsection B in a form acceptable to the Risk Manager for Owner; such proof of insurance shall be incorporated into this Contract.

B. Type of coverage:

- |   |                  |
|---|------------------|
| 1. <u>Commercial General Liability</u>      |                  |
| Occurrence Limit                            | \$1,000,000      |
| Products and Completed Operations Aggregate | \$2,000,000      |
| General Aggregate                           | \$2,000,000      |
| 2. Workman's Compensation                   | Alaska Statutory |
| Employers Liability                         |                  |
| 3. Commercial Automobile Liability          | \$1,000,000      |

Including all owned, hired and non-owned vehicles

4. Professional Errors and Omissions \$1,000,000

C. Insurance Notes

1. Owner shall be named as an additional named insured on the required general liability and automobile insurance policies. The Owner shall also be granted a full waiver of any rights of subrogation under all required policies with the exception of Professional Errors and Omissions. These requirements extend to all subcontractors.
2. Contractor is required to notify Owner if any policy is to be canceled, materially changed, or renewed, at least thirty days prior, by written notice sent by certified mail.

**SECTION 19. PERMITS, LAWS AND TAXES**

Contractor shall acquire and maintain in good standing all permits, licenses and other entitlement necessary to its performance under this Contract. All actions taken by Contractor under this Contract shall comply with all applicable statutes, ordinances, rules and regulations. Contractor shall pay all taxes pertaining to its performance under this Contract.

**SECTION 20. NON-WAIVER**

The failure of either Party at any time to enforce a provision of this Contract shall in no way constitute a waiver of the provision, nor in any way affect the validity of this Contract or any part, or the right of such Party to enforce each and every provision.

**SECTION 21. AMENDMENT**

- A. This Contract shall only be amended, modified or changed by a written amendment, executed by authorized representatives of the Parties, and such amendment shall be attached to this Contract as an appendix.
- B. For the purposes of any amendment, modifications or change to the terms and conditions of this Contract, the only authorized representatives of the Parties are:
  1. David A Evertsen, Principal - For Contractor
  2. Mark Gorman, CBS Municipal Administrator - For Owner
- C. Any attempt to amend, modify or change this Contract by either an unauthorized representative or unauthorized means, shall be void.



**SECTION 22. SEVERABILITY**

Any provision of this Contract deemed invalid by a court of competent jurisdiction shall not invalidate the remaining provisions of the Contract.

**SECTION 23. JURISDICTION - CHOICE OF LAW**

Any civil action arising from this Contract shall be brought in the Alaska Superior Court at Sitka. The laws of the State of Alaska shall govern the rights and obligations of the Parties under this Contract.

**SECTION 24. INTEGRATION**

This instrument and all appendices and amendments embody the entire Contract of the Parties. There are no promises, terms, conditions or obligations other than those contained in this Contract. This Contract shall supersede all previous communications, representations, or Contracts, either oral or written, between the Parties.

**IN WITNESS WHEREOF**, the Parties have executed this Contract, on the date and at the place shown below.

**CITY AND BOROUGH OF SITKA**

**MUNICIPAL SOLUTIONS**

\_\_\_\_\_  
Municipal Administrator

\_\_\_\_\_  
David A Evertsen

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

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

IRS TAX I.D. NO. \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Municipal Clerk

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

**LEGAL REVIEW:**

\_\_\_\_\_  
Municipal Attorney

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