

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2010-06S

**BALLOT PROPOSITION FOR OCTOBER 5, 2010 ELECTION
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AUTHORIZING
THE ISSUANCE OF GENERAL OBLIGATION BONDS IN AN AMOUNT NOT
TO EXCEED SIX MILLION DOLLARS (\$6,000,000) TO FINANCE THE
PURCHASE OF AND CAPITAL IMPROVEMENTS TO THE HAMES CENTER,
AND PROVIDING FOR THE SUBMISSION OF A PROPOSITION APPROVING
THIS ORDINANCE AND RATIFYING THE AUTHORIZATION OF THE
BONDS TO THE QUALIFIED VOTERS OF THE CITY AND BOROUGH OF
SITKA AT THE REGULAR ELECTION TO BE HELD ON OCTOBER 5, 2010**

WHEREAS, the Assembly for the City and Borough of Sitka (“City and Borough”) has determined that the question should be placed before the voters of the City and Borough at the regular election to be held on October 5, 2010 regarding incurring debt and issuing not to exceed six million dollars (\$6,000,000) principal amount of general obligation bonds (the “BONDS”) to pay for the purchase of and capital improvements to the Lloyd F. Hames Physical Education Center (“Hames Center”), hereafter referred to as the “Project”; and

WHEREAS, the City and Borough will also seek approval of the voters of the City and Borough by ballot propositions to: (1) amend the Sitka Charter at Section 13.03 to increase the real property tax millage rate limit by .5 mills to 6.5 mills to pay the principal of and interest on the Bonds, as well as for the unfunded operating costs of the Project; and (2) allowing the Assembly to annually pass a resolution under Sitka General Code (“SGC”) 4.12.110A to set the real property tax millage rate at 6.5 mills for 20 years to pay for the general obligation bonds for purchase of and capital improvements to the Project, and the unfunded operating costs of the Project. Issuance of the Bonds will be conditioned on the voters approval of all three propositions;

NOW, THEREFORE, 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 become part of the Sitka General Code (“SGC”).

2. **FINDINGS.** The Assembly finds and declares that the public welfare and benefit require that the City and Borough of Sitka undertake the purchase of and capital improvements to the Hames Center located in the City and Borough.

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45 The City and Borough is currently negotiating to determine the purchase price for
46 the Hames Center, which is estimated at approximately \$500,000. The City and Borough
47 contracted with CTA Architects Engineers to complete a Facility Condition Assessment
48 and Repair Cost Estimate for the Hames Center to determine the capital improvement
49 costs. The report that was issued by this consultant estimates that capital improvement
50 costs for necessary repairs to be \$13,314,157 for a 30 year service life. These costs
51 include all necessary design, architectural, engineering, legal, and other consulting
52 services, inspection and testing, administrative and relocation expenses, purchases of
53 equipment, and other costs incurred in connection with the Project's capital
54 improvement. The City and Borough would determine the specifications for the Project
55 regarding the capital improvements. The Assembly has determined that not all of the
56 repairs may be needed, and/or that a 30 year service life is not required for the Project.
57 Therefore, the Assembly has estimated that bonding in an amount not to exceed six
58 million dollars (\$6,000,000) is a reasonable estimate for the Project.

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60 The City and Borough shall determine the application of Bond proceeds to
61 accomplish the entire Project as nearly as may be possible, including the purchase price,
62 capital improvement costs, and bond financing charges. If proceeds of the Bonds are
63 insufficient to accomplish all of the capital improvement costs comprising the Project, the
64 City and Borough shall use Bond proceeds for those costs deemed by the Assembly most
65 necessary and in the best interest of the City and Borough. If proceeds of the Bonds
66 remain unexpended and unencumbered for costs of the Project, such remaining Bond
67 proceeds may be applied to pay the cost of additional improvements to the Hames Center
68 or to pay debt service on the Bonds, as the Assembly may determine.

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70 If the Assembly shall determine that it has become impractical to accomplish a
71 portion of the Project because of changed conditions, incompatible development or costs
72 substantially in excess of those estimated, the City and Borough shall not be required to
73 undertake such portion of the Project and may apply the Bond proceeds or any portion to
74 other portions of the Project, to other improvements to the Hames Center, or to payment
75 of principal of or interest on the Bonds.

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77 **3. AUTHORIZATION OF BONDS.** For the purpose of providing all or a
78 portion of the funds necessary to pay costs of the Project and costs of issuance of the
79 Bonds, the City and Borough shall issue and sell its general obligation bonds in the
80 aggregate principal amount of not to exceed SIX MILLION DOLLARS (\$6,000,000)
81 (the "Bonds"). The Bonds shall be issued in an amount not exceeding the amount
82 approved by the qualified voters of the City and Borough at the regular election on
83 October 5, 2010, and not exceeding the amount permitted by the constitution and laws of
84 the State of Alaska. The Bond proceeds shall not be used for other than the purposes set

85 out in this ordinance. The balance, if any, of the cost of the Project shall be paid out of
86 any other legally available funds and as authorized by the Assembly.

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88 The Bonds shall be issued in such amounts and at such time or times as found
89 necessary and advisable by the Assembly and as permitted by law. The Bonds may be
90 issued in one or more series and shall bear interest payable at a rate or rates authorized by
91 the Assembly. The Bonds shall mature in such amounts and at such times within a
92 maximum term of 20 years from the date of issuance of the Bonds, all as authorized by
93 the Assembly and as provided by law.

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95 The Bonds shall be general obligations of the City and Borough and the full faith,
96 credit and resources of the City and Borough shall be pledged to the payment of principal
97 of the interest on the Bonds. Unless paid from other sources, both principal of and
98 interest on the Bonds shall be payable out of annual tax levies to be made upon all
99 taxable property within the City and Borough without limitation as to rate or amount and
100 in excess of any constitutional or statutory tax limitation.

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102 The date, form, terms, redemption provisions, maturities, covenants and manner of
103 sale of the Bonds shall be as hereafter provided by ordinance or ordinances of the
104 Assembly. After voter approval of the Bond proposition and in anticipation of the
105 issuance of such Bonds, the City and Borough may issue short-term obligations as
106 authorized by the laws of the State of Alaska.

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108 **4. BOND ELECTION.** The proposition that this ordinance shall be
109 approved and that the City and Borough shall issue the Bonds to pay costs of the Project
110 shall be submitted to the qualified voters of the City and Borough for their ratification or
111 rejection at the regular election to be held in the City and Borough on October 5, 2010.
112 The bond proposition shall be in substantially the following form:

113
114 **CITY AND BOROUGH OF SITKA**

115
116 **PROPOSITION 6**

117 **\$6,000,000 GENERAL OBLIGATION BONDS FOR THE PURCHASE OF AND**
118 **CAPITAL IMPROVEMENTS TO THE HAMES CENTER**

119
120 Shall the City and Borough of Sitka incur debt and issue general obligation bonds
121 in the principal amount of not to exceed \$6,000,000, maturing within a maximum of 20
122 years, to finance the purchase of and capital improvements to the Hames Center, and
123 shall Ordinance No. 2009-72 of the City and Borough authorizing the issuance of the
124 bonds for such plan for the purchase of and capital improvement to the Hames Center be
125 approved?
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166 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and
167 Borough of Sitka, Alaska this 20th day of August, 2010.

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Scott McAdams, Mayor

171 ATTEST:

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173 Colleen Ingman, MMC

174 Municipal Clerk

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