



CITY AND BOROUGH OF SITKA

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

Meeting Agenda

City and Borough Assembly

*Mayor Matthew Hunter
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Bob Potrzuski,
Aaron Bean, Kevin Knox, Dr. Richard Wein,
Benjamin Miyasato*

*Municipal Administrator: Keith Brady
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, September 11, 2018

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[18-173](#) Reminders, Calendars and General Correspondence

Attachments: [Reminders and Calendars.pdf](#)

V. CEREMONIAL MATTERS

[18-162](#) Service Award - Dale Williams

Attachments: [Williams Service Award.pdf](#)

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

[18-168](#) Sitka Community Hospital - Rob Allen, CEO

Attachments: [Sitka Community Hospital.pdf](#)

VII. PERSONS TO BE HEARD

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

VIII. REPORTS

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

IX. CONSENT AGENDA

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

- A** [18-163](#) Approve the minutes of the August 14, 17, 30 Assembly meetings

 Attachments: [Consent and Minutes.pdf](#)
- B** [18-164](#) Approve a liquor license transfer of ownership application from JD & PR Colton and JP & TE Colton dba Nugget Restaurant at 600 Airport Road Ste A to DPJT, Inc. dba Nugget Restaurant at 600 Airport Road Ste A

 Attachments: [Motion Memos and Documents Transfer of Ownership Nugget Liquor License.p](#)
- C** [18-172](#) Approve a Standard Marijuana Cultivation Facility license renewal application for Darren H Phillips dba Fiberflite at 120 Jarvis Street Unit C

 Attachments: [Motion and memos Fiberflite.pdf](#)
 [License No. 13577 Renewal-LG Notice Standard Marijuana Cultivation Facility F](#)
 [13577 Renewal Application Fiberflite.pdf](#)
 [13577 Renewal Application Certifications.pdf](#)
 [13577 Online Application Redacted Fiberflite.pdf](#)

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

None.

XI. UNFINISHED BUSINESS:

- D** [ORD 18-42](#) Making Supplemental Appropriations for Fiscal Year 2019 (FY2018 Purchase Orders)

 Attachments: [Motion Memo and Ord 2018-42.pdf](#)

- E [RES 18-13](#) Increasing permanent and temporary moorage rates and other harbor fees and charges (item was referred to the Port and Harbors Commission on June 26 for consideration)

Attachments: [Motion Memo and Res 2018-13.pdf](#)
 [Assembly Minutes June 26.pdf](#)

XII. NEW BUSINESS:

New Business First Reading

- F [ORD 18-45](#) Authorizing the issuance of an airport terminal revenue bond in a principal amount not to exceed \$4,500,000 to finance the cost of certain capital improvements to the terminal building at the Sitka Rocky Gutierrez Airport; authorizing the sale of the bond to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance and in a loan agreement authorized to be entered into with the Bond Bank; providing for the date, terms, and covenants of the bond; and providing the terms and conditions for issuing additional revenue bonds on a parity with the bond authorized by this ordinance

Attachments: [Motion and Memo Ord 2018-45.pdf](#)
 [Ord 2018-45 Airport Bond.pdf](#)

- G [ORD 18-46](#) Authorizing the issuance of a harbor facilities revenue bond in a principal amount not to exceed \$8,600,000 to finance a portion of the cost of certain capital improvements to Sitka's harbor facilities; authorizing the sale of the bond to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance and in a loan agreement authorized to be entered into with the Bond Bank; providing for the date, terms and covenants of the bond; and amending a provision of Ordinance No. 2013-01

Attachments: [Motion and Memo Ord 2018-46.pdf](#)
 [Documents from Public Works.pdf](#)
 [Ord 2018-46 Crescent Harbor Bond.pdf](#)

- H [ORD 18-47](#) Amending Title 4 "Revenue and Finance" of the Sitka General Code by adding Chapter 4.15 "Single-Use Carryout Bag Fee", by charging a per-bag fee on single-use carryout bags provided by a vendor to a customer at a check-out stand or counter

Attachments: [Motion and Ord 2018-47.pdf](#)
 [Health Needs Resolution of Support.pdf](#)

- I [ORD 18-43](#) Making Supplemental Appropriations for Fiscal Year 2018 (Personnel PERS, Solid Waste Fund Operations, MIS Operations)

Attachments: [Motion and Ord 2018-43.pdf](#)

- J [ORD 18-44](#) Making Supplemental Appropriations for Fiscal Year 2019 (Legal Department - Legal Fees)

Attachments: [Motion and Ord 2018-44.pdf](#)

Additional New Business Items

- K [18-170](#) Approve moving forward with the sale of Lot 23 (Administration Building) at the Gary Paxton Industrial Park by the invitation to bid process

Attachments: [Motion and Memo.pdf](#)

[GPIP Debris Flow Analysis.pdf](#)

[DRAFT CBS Bidding Instructions for 4600 Sawmill Creek Rd \(Administration Bu](#)

[DRAFT Purchase Sale Agreement CBS Admin Building.pdf](#)

- L [18-171](#) Approve the proposed adjustments to the Gary Paxton Industrial Park Port Tariff Fee Schedule (Port Tariff #3)

Attachments: [Motion and Memo.pdf](#)

[Master Tariff No. 3 9-4-2018 DRAFT-2.pdf](#)

- M [18-166](#) Approve a request filed by Allen Marine Tours, Inc. to proceed with an application for a Restaurant/Eating Place License Exemption with the Alcohol & Marijuana Control Office for lot 6 Finn Island

Attachments: [Motion and Memo.pdf](#)

- N [18-167](#) Discussion / Direction on a mitigation proposal submitted by Andrew Friske and Scott McArthur for South Kramer Avenue (possible executive session)

Attachments: [Discussion Direction mitigation proposal.pdf](#)

[Kramer Ave Mitigation Powerpoint \(003\).pdf](#)

[4349-16 Preliminary Landslide Report.pdf](#)

- O [18-165](#) Decision on whether to allow sales tax free day(s) following the Thanksgiving holiday and set date(s)

Attachments: [Sales tax free days.pdf](#)

XIII. PERSONS TO BE HEARD:

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

XIV. EXECUTIVE SESSION

Not anticipated.

XV. ADJOURNMENT

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

*Sara Peterson, MMC, Municipal Clerk
Publish: September 7*



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-173 **Version:** 1 **Name:**
Type: Item **Status:** AGENDA READY
File created: 9/6/2018 **In control:** City and Borough Assembly
On agenda: 9/11/2018 **Final action:**
Title: Reminders, Calendars and General Correspondence
Sponsors:
Indexes:
Code sections:
Attachments: [Reminders and Calendars.pdf](#)

Date	Ver.	Action By	Action	Result
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REMINDERS

<u>DATE</u>	<u>EVENT</u>	<u>TIME</u>
Tuesday, September 11	Regular Meeting	6:00 PM
Thursday, September 13	Special Meeting <i>Hospital Letter of Intent</i>	6:00 PM
Tuesday, September 18	Government to Government Dinner	6:00 PM
Thursday, September 20	Special Meeting <i>Non Profit Grant Awards</i>	6:00 PM
Tuesday, September 25	Regular Meeting	6:00 PM

Hello,
September!

Municipal Election Reminders

Monday, September 17	First day of Advanced/Absentee voting at City Hall
Tuesday, October 2	Municipal Election
Friday, October 6	Advanced/Absentee/Questioned Ballot Counting

Expiring Terms:

Mayor
Matthew Hunter

Assembly
Robert Potrzuski
Benjamin Miyasato

School Board
Cass Pook
Eric VanCise

Assembly Calendar

2017 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec 2019

September 2018

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
26 Aug	27	28	29	30	31	1 Sep
Eisenbeisz	Eisenbeisz	Eisenbeisz 6:00pm Regular Assembly Mtg	Eisenbeisz	Eisenbeisz 6:00pm Special Meeting	Eisenbeisz	
2	3 HOLIDAY	4	5 6:00pm Library Commission	6 12:00pm SEDA Board Meeting 7:00pm Planning Commission	7	8
9	10	11 12:00pm Parks & Rec 6:00pm Regular Assembly Mtg	12 Eisenbeisz 6:00pm Historic Preservation 6:15pm Port & Harbors Commission	13 Eisenbeisz 12:00pm LEPC 2:00pm Health Needs & Human Services Commission 6:00pm Special Meeting: Hospital Letter of Intent	14 Eisenbeisz	15
16	17	18 12:00pm Tree/Landscape 6:00pm Govt to Govt Dinner - location tba	19	20 6:00pm Special Meeting: Non Profit Grant Awards	21	22
23	24	25 Eisenbeisz 6:00pm Regular Assembly Mtg	26 Eisenbeisz 6:00pm Police and Fire Commission	27 Eisenbeisz 6:00pm Hospital Board Meeting	28 Eisenbeisz	29 Eisenbeisz
30 Eisenbeisz	1 Oct Eisenbeisz	2 Eisenbeisz	3 6:00pm Library Commission	4 12:00pm SEDA Board Meeting 6:00pm Special	5	6

Assembly Calendar

2017	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2019
October 2018													
Sunday		Monday		Tuesday		Wednesday		Thursday		Friday		Saturday	
30	Sep	1	Oct	2		3		4		5		6	
Eisenbeisz		Eisenbeisz		Eisenbeisz MUNICIPAL ELECTION		6:00pm Library Commission		12:00pm SEDA Board Meeting 6:00pm Special Meeting: Appeal					
7		8		9		10		11		12		13	
				12:00pm Parks & Rec 6:00pm Regular Assembly Mtg		6:00pm Historic Preservation 6:15pm Port & Harbors Commission		12:00pm LEPC 2:00pm Health Needs & Human Services Commission 7:00pm Planning Commission					
14		15		16		17		18		19		20	
				12:00pm Tree/Landscape				HOLIDAY					
21		22		23		24		25		26		27	
				6:00pm Regular Assembly Mtg		6:00pm Police and Fire Commission		6:00pm Hospital Board Meeting 7:00pm Planning Commission					
28		29		30		31		1	Nov	2		3	
								12:00pm SEDA Board Meeting		Eisenbeisz		Eisenbeisz	



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-162 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Service Award - Dale Williams

Sponsors:

Indexes:

Code sections:

Attachments: [Williams Service Award.pdf](#)

Date	Ver.	Action By	Action	Result
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Service Award

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

Dale Williams

*this expression of grateful acknowledgment for your over 2 years of
valued service rendered in the public interest while serving on the
Police and Fire Commission. Thank you!*

Signed and sealed this 11th day of September, 2018



Matthew Hunter

Matthew Hunter, Mayor

Sara Peterson

ATTEST: Sara Peterson, Municipal Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-168 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Sitka Community Hospital - Rob Allen, CEO

Sponsors:

Indexes:

Code sections:

Attachments: [Sitka Community Hospital.pdf](#)

Date	Ver.	Action By	Action	Result
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Special Report

Sitka Community Hospital –

Rob Allen, CEO



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-163 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Approve the minutes of the August 14, 17, 30 Assembly meetings

Sponsors:

Indexes:

Code sections:

Attachments: [Consent and Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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CONSENT AGENDA

POSSIBLE MOTION

**I MOVE TO APPROVE THE CONSENT AGENDA
CONSISTING OF ITEMS A, B, & C**

I wish to remove Item(s) _____

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

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

POSSIBLE MOTION

I MOVE TO approve the minutes of the August 14, 17, and 30 Assembly meetings.



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

*Mayor Matthew Hunter
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Bob Potrzuski,
Aaron Bean, Kevin Knox, Dr. Richard Wein,
Benjamin Miyasato*

*Municipal Administrator: Keith Brady
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Tuesday, August 14, 2018

6:00 PM

Assembly Chambers

REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

IV. CORRESPONDENCE/AGENDA CHANGES

18-151 Reminders, Calendars and General Correspondence

V. CEREMONIAL MATTERS

Mayor Hunter recognized Brendan Jones for his service on the Port and Harbors Commission.

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

Connie Sipe, President of the Sitka Community Hospital Board, shared an update on the CEO recruitment process.

Sitka Police Lieutenant Lance Ewers reminded of the bear attraction nuisance ordinance and stated the Police Department was issuing citations to individuals who place their garbage cans out prior to pickup day.

18-150

Special Reports: 1) Sitka Community Hospital - Rob Allen 2) Hospital RFP Consultants - Sarah Cave and Steve Huebner

Sitka Community Hospital (SCH) Chief Executive Officer, Rob Allen provided an update on cash levels, the Electronic Health Records Cerner implementation, and spoke to the recent media reports regarding Medicaid overpayments to providers. Allen noted SCH's reimbursement amount was lower than anticipated.

SCH RFP Consultants, Sarah Cave and Steve Huebner, outlined the Town Hall meeting process for August 20.

VII. PERSONS TO BE HEARD

Cheri Hample thanked the Assembly for their support of Tobacco 21. She announced a tobacco cessation class was scheduled for September.

Speaking from the Sitka Health Summit CO2 Reducers Group and the Sitka RainPower Project groups were Chandler O'Connell and Brant Brantman. The two relayed concerns about climate change and offered a list of specific policy and administrative actions for the City to pursue. Libby Stortz, also a member of the Sitka Health Summit CO2 Reducers Group, spoke in support of the proposed policy and administrative actions.

VIII. REPORTS

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

Mayor - Hunter thanked Deputy Mayor Eisenbeisz for attending a recent meeting with Lisa Murkowski to discuss CBS issues.

Administrator - Brady spoke of his visits with Don Young and Lisa Murkowski. Federal priorities and grant opportunities were discussed. Brady invited the public to a Town Hall Meeting on August 20 for citizens to voice their opinions on the Sitka Community Hospital request for proposal process, mentioned interviews had been started for the Library Director and Planning Director positions, and discussions continued on the possibility of a new seaplane base, land needed, and funding.

Liaison Representatives - Potrzuski spoke to the recent Gary Paxton Industrial Park Board meeting, Wein to the Sitka Community Hospital Board meeting, and Miyasato to the Police and Fire Commission meeting. Miyasato thanked the US Coast Guard for their cleanup work at Herring Cove.

Clerk - Peterson reminded of the voter registration deadline for the October 2 Municipal Election, announced early voting for the State Primary Election was happening at City Hall through August 20, read through the list of board vacancies, and announced the citizen initiative and citizen referendum petitions had been certified.

IX. CONSENT AGENDA

A 18-148 Approve the minutes of the July 24 and July 31 Assembly meetings

A motion was made by Potrzuski that this Item be APPROVED. The motion PASSED by unanimous consent.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

None.

XI. UNFINISHED BUSINESS:

- B 18-138** Approve the Extension of and Amendment to Agreement between the City and Borough of Sitka and Seafood Producers Cooperative regarding the Sitka Marine Service Center

Assembly members thanked Municipal Attorney Hanson for his additional insurance research.

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

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

- C ORD 18-34A** Amending Title 4 "Revenue and Finance" of the Sitka General Code, by modifying Chapter 4.24 "Transient Lodging Tax", Section 4.24.020 "Imposition of Transient Lodging Tax"; and, submitting the question of such an amendment to the qualified voters at a regular election on October 2, 2018 (*ballot proposition*)

Mayor Hunter summarized the intent of the ordinance was to raise the transient lodging tax (previously known as bed tax) from 6% to 12% year round and the tax would be exempt from sales tax from 6% yielding a net increase of 1% during the winter months.

Speaking in opposition to the increase was the Greater Sitka Chamber of Commerce, Carol Frasier of Aspen Hotels, Fred Reeder, and Duane Lambeth, owner of Dove Island Lodge.

A discussion of the advantages and disadvantages of raising the tax ensued among Assembly members. Cosponsors Hunter and Knox noted while it was a modest increase it would nonetheless yield additional revenue, reminded the transient lodging tax would be tax exempt, and would indirectly allow for a future Assembly to possibly raise the alcohol tax. It was noted a tax on alcohol could not be higher than a current sales tax.

A motion was made by Potrzuski that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion FAILED by the following vote.

Yes: 3 - Potrzuski, Hunter, and Knox

No: 4 - Miyasato, Eisenbeisz, Bean, and Wein

- D ORD 18-36** Adding a ballot question on the next municipal regular election to be held on October 2, 2018, on whether to exempt the municipality from the provisions of AS 18.35.301 - 18.35.350, an act prohibiting smoking in certain places (effective October 1, 2018), and, if exempted, Sitka General Code, Chapter 9.20 "Smoking in Public Places and Places of Employment", would continue to be the law for the municipality as to banning smoking in certain public

places (*ballot proposition*)

Public Testimony

Those speaking in opposition were Martha Pearson, Cheri Hample, Doug Osborne, Amanda Roberts, Connie Sipe, Brian Guvenir, and Emily Neenan. Neenan, the Alaska Government Relations Director for the American Cancer Society Cancer Action network, stated Sitka was the only community who had taken up the option allowed by the state law to exempt itself from the statewide public smoking ban.

Kevin Mosher spoke in support of putting the issue to a vote. Helen Craig expressed her dislike of cigarette smoke. Joe Darnell, Chief Investigator of Tobacco Enforcement and Youth Education for the State of Alaska Department of Health & Social Services, stated he was in Sitka assisting with the rollout of Tobacco 21 conducting classes for retail establishments.

Assembly Discussion

The Municipal Clerk noted staff had finished verifying signatures for the citizen initiative filed on August 1 to exempt the municipality from the state law. Peterson stated the sponsors had filed the initiative after it appeared a majority of members were not in favor of the ballot question at their July 31, 2018 meeting. Peterson stated she had certified the petition as sufficient and the proposition would appear on the October 2 ballot.

Eisenbeisz made a motion to postpone the ordinance indefinitely. Emily Neenan spoke in opposition voicing concern over the purpose language section.

A motion was made by Eisenbeisz to POSTPONE INDEFINITELY. The motion FAILED by the following vote.

Yes: 3 - Miyasato, Eisenbeisz, and Bean

No: 4 - Potrzuski, Hunter, Knox, and Wein

A motion was made by Knox to AMEND the ordinance by striking the sentence in lines 34-37 "The new law imposes an unreasonable negative financial impact on establishments that, under the existing law, have chosen to remain exempt from the smoking prohibition." The motion FAILED by the following vote.

Yes: 1 - Knox

No: 6 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Bean, and Wein

A motion was made by Potrzuski that this Ordinance be APPROVED on SECOND AND FINAL READING. The motion FAILED by the following vote.

Yes: 2 - Hunter, and Bean

No: 5 - Miyasato, Eisenbeisz, Potrzuski, Knox, and Wein

XII. NEW BUSINESS:

New Business First Reading

- E ORD 18-37** Making Supplemental Appropriations for Fiscal Year 2019 (*reappropriation of Fiscal Year 2018 unexpended appropriations*)

A motion was made by Potrzuski that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

- F ORD 18-39** Amending Title 15 "Public Utilities" of the Sitka General Code by repealing Chapter 15.01 "Electric Utility Policies" Section 15.01.020 "Electrical Rates" (*Plug-In Electric Vehicle Incentive Credit*)

Doug Osborne suggested the Assembly look for a way to encourage and incentivize rather than repeal the code section.

Cosponsors Hunter and Potrzuski spoke to the ordinance. Eisenbeisz stated the incentive was at low cost to the municipality.

A motion was made by Knox that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

No: 1 - Eisenbeisz

- G ORD 18-40** Authorizing a property tax exemption through December 31, 2020 for the Sitka Historical Society, Inc. in the lease premises at Harrigan Centennial

Municipal Attorney Hanson explained the Assembly had approved a lease agreement with two provisions: a waiver of utilities and property taxes for a period of 24 months.

Hunter explained the museum had used all of their reserves for design and construction of the their new space. To allow the museum to regain their financial footing the Assembly had approved the above mentioned exemptions.

A motion was made by Potrzuski that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

- H ORD 18-41** Amending Title 4 "Revenue and Finance" of the Sitka General Code by modifying Chapter 4.09 "Sales Tax" at Section 4.09.020 "Collection of Tax" (*products not authorized for sales tax exemptions on sales tax free days*)

Hunter stated the proposed ordinance added alcoholic beverages, tobacco products, and marijuana to the list of products not authorized for sales tax exemptions on sales tax free days typically held in November.

Bean recused himself due to his ownership of a marijuana business. He reminded of the economic advantage to businesses during the sales tax free days.

Eisenbeisz inquired whether the proposed ordinance would violate any law because it was a sales tax adjustment that might require voter approval. The Assembly asked Municipal Attorney Hanson to research the question.

A motion was made by Miyasato that this Ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 5 - Miyasato, Potrzuski, Hunter, Knox, and Wein

No: 1 - Eisenbeisz

Recused: 1 - Bean

Additional New Business Items

- I **18-149** Award a professional services contract to Arcticom LLC for the E911 system replacement with a not to exceed amount of \$285,000

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

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

- J **18-152** Discussion / Direction on the administrative policy for the Stortz Gallery at City Hall

Municipal Administrator Brady noted the updated policy set criteria for the type of artwork placed in the gallery, addressed liability of the artwork and put the responsibility on the artist, and continued the position of the volunteer curator recommended by the Sitka Fine Arts.

Assembly members offered their opinions and concerns with the policy and discussed content to be displayed. Municipal Attorney Hanson stated it was the public forum doctrine, limited public forum in this circumstance, that allowed the City to impose content based limitations.

Norm Campbell, curator, expressed disappointment at the need for the policy to be addressed. Heather Bauscher stated it was important to have art in public spaces. Lance Ewers reminded of the recent display that was taken down at City Hall after objections from the public. He suggested that City Hall may not be the most well suited place for an art exhibit. Scott Saline stated he was offended by a recent display with what he felt were political messages.

A motion was made by Wein to EXTEND to 11pm. The motion FAILED by the following vote. Six votes in the affirmative are needed to extend past 10:30pm.

Yes: 5 - Hunter, Bean, Wein, Knox, Potrzuski

No: 2 - Eisenbeisz, Miyasato

Noting the mandatory adjournment time of 10:30pm, the Assembly suggested the item come back for further discussion on August 30.

- K **18-153** Discussion / Direction of a request from SEDA for an economic impact analysis of Sitka Community Hospital on the local economy and the effect if current operations were to cease or be sold

The meeting automatically adjourned at 10:30pm before this item was addressed. The Mayor noted this item would be considered by the Assembly on August 28.

XIII. PERSONS TO BE HEARD:

None.

XIV. EXECUTIVE SESSION

None.

XV. ADJOURNMENT

The meeting automatically ADJOURNED at 10:30pm.

ATTEST:

Sara Peterson, MMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

*Mayor Matthew Hunter
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Bob Potrzuski,
Aaron Bean, Kevin Knox, Dr. Richard Wein,
Benjamin Miyasato*

*Municipal Administrator: Keith Brady
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Friday, August 17, 2018

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 5 - Miyasato, Potrzuski, Hunter, Knox, and Bean

Absent: 1 - Eisenbeisz

Telephonic: 1 - Wein

IV. CORRESPONDENCE/AGENDA CHANGES

None.

V. PERSONS TO BE HEARD

Travis Hudson spoke to the CEO search for Sitka Community Hospital and reported five candidates had been identified. Hudson believed there were excellent management opportunities around the corner to help the hospital to succeed.

Tone Jackson provided a letter from the Office of Inspector General to the Assembly. He cautioned the Assembly in proceeding with the SEARHC proposal.

VI. UNFINISHED BUSINESS:

- A 18-153** Discussion / Direction of a request from SEDA for an economic impact analysis of Sitka Community Hospital on the local economy and the effect if

current operations were to cease or be sold

It was stated this agenda item was not addressed at the August 14 meeting and a special meeting had been called rather than wait until August 28.

Bean thought there would be more options for the Assembly and public to consider from the RFP process. He had no doubt there would be an economic impact on the community if the hospital were to cease to exist or be sold. Bean suggested perhaps a ballot measure for a 2 mill increase be put forth to the voters to see if there was support to fund the hospital. Hunter didn't feel he needed a study to tell him the hospital was a critical pillar of Sitka's economy. Upon Assessing the risk to the municipality he believed the only way forward was to proceed with the SEARHC proposal or ensure Sitka Community Hospital (SCH) was sustainable long-term.

SCH RFP consultants, Sarah Cave and Steve Huebner, cautioned the Assembly in delaying the RFP process by initiating an economic study and or ballot question stating it likely would cause current proposers to withdraw from the process. Answering questions from the Assembly related to due diligence, they relayed the process typically took 6 to 9 months and costs were absorbed by the acquiring organization. They reminded if SEARHC were selected on August 28, the cost of committing to a letter of intent and due diligence process was high. Cave noted the due diligence process was a time for both parties to do their homework. Huebner reminded the Assembly had engaged them to come to the right conclusion. He urged the Assembly to consider the risk to the City if the hospital remained at status quo.

Miyasato wondered if the Assembly would consider waiting 90 days to make a decision so an economic study could be conducted. He believed there to be merit in the SEDA requested and noted it had been recommended by a unanimous vote of the Board. He stated the difficulty of the decision and that the Assembly needed as much information before making a decision. Wein believed there would be a definite impact on the economy if SCH were to cease to exist. He added the economic impact should have been addressed earlier in the process and was a critical part of due diligence in a study. Knox didn't believe an economic impact study was needed, stated it was clear what the failure of SCH would do to Sitka's economy, and reminded of the consequences of delaying the RFP process. Potrzuski agreed and stated as is, SCH was not sustainable and too great of a risk for the municipality. He reminded the Assembly had received a letter from the Hospital Board asking for a decision to be made.

No Assembly action was taken.

VII. PERSONS TO BE HEARD:

Speaking in support of an economic impact study were Sheila Finkenbinder, Travis Hudson, Nancy Davis, Trish White, Dirk White, and Tone Jackson. Pat Alexander, Dr. Marilyn Corruzi, and Carin Adickes spoke to the importance of having two hospitals in Sitka. Dr. Terry Babb expressed disappointment and concern at comments that had been previously made suggesting an issue with the quality of care offered at SEARHC. Municipal Clerk Sara Peterson read a letter submitted by Dr. Myron Fibush. He stated it was not a financial reality to maintain two separate hospitals in Sitka.

VIII. EXECUTIVE SESSION

None.

IX. ADJOURNMENT

A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 8:05pm.

ATTEST: _____
Sara Peterson, MMC
Municipal Clerk



CITY AND BOROUGH OF SITKA

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

Minutes - Draft

City and Borough Assembly

*Mayor Matthew Hunter
Deputy Mayor Steven Eisenbeisz,
Vice Deputy Mayor Bob Potrzuski,
Aaron Bean, Kevin Knox, Dr. Richard Wein,
Benjamin Miyasato*

*Municipal Administrator: Keith Brady
Municipal Attorney: Brian Hanson
Municipal Clerk: Sara Peterson*

Thursday, August 30, 2018

6:00 PM

Assembly Chambers

SPECIAL MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

Present: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

IV. CORRESPONDENCE/AGENDA CHANGES

18-156 Reminders, Calendars and General Correspondence

Item J was moved to beginning of New Business. Mayor Hunter received a letter from the SAFV Shelter requesting consideration of permitting and inspection fee waivers for their upcoming building expansion and renovation project. The Municipal Clerk shared the letter with other assembly members via email.

V. CEREMONIAL MATTERS

None.

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

None.

VII. PERSONS TO BE HEARD

Public Works Director Michael Harmon introduced Municipal Engineer Cliff Richter. Richter stated he had been welcomed by staff and was impressed by how hard working city staff was.

Blossom Twitchell suggested education within the community in light of the recent hospital request for proposals events, noted there were many questions from the community, and spoke to the benefits of knowing the basics of native issues and politics.

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

Mayor - Hunter deferred to the Administrator to report on Alaska Municipal League (AML).

Administrator - Brady reported he and Eisenbeisz went to Denali for AML and mentioned a main topic of cyber security as municipalities and cities had been targeted recently. He stated the Gavan Hill landslide mapping was in draft form and noted infrastructure for Keet Gooshi Heen Elementary School and Sitka High School were in low risk zones. The report would be shared shortly. He noted ongoing negotiations with the Chamber contract. He met with Senator Sullivan and USCG Commandant Admiral Karl Schultz.

Liaison - Knox reported on Parks and Recreation Committee. Wein reported on the Hospital Board.

Clerk - Henshaw noted advanced voting will begin September 17 at City Hall and absentee voting by mail and fax was available.

IX. CONSENT AGENDA

- A 18-157** Approve a liquor license renewal for JD & PR Colton and JP & TE Colton dba the Nugget Restaurant at 600 Airport Road Ste A
- A motion was made by Knox that this Item be APPROVED. The motion PASSED by unanimous consent.

X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

- B 18-158** Reappoint James Poulson to a three-year term on the Historic Preservation Commission and appoint James Poulson to an unexpired term on the Parks and Recreation Committee
- Miyasato thanked the applicant. Wein noted that Poulson represented an asset and interest and was committed to the process for the Historic Preservation Commission.
- A motion was made by Miyasato that this item be APPROVED. The motion PASSED by the following vote.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

XI. UNFINISHED BUSINESS:

18-152 Discussion / Direction on the administrative policy for the Stortz Gallery at City Hall

Wein noted that Sitka was a fine arts community, thought that City Hall needed to reflect that, and that there should be trust in the judgement of artists and curator.

Lucy Phillips suggested input from the artist community for the curator position. Robert Hattle had concern with the tragedy that also affected others and wondered if in the display that the others could also be recognized. Libby Stortz stated that she would have liked the idea of also honoring the Diaz brothers as an integral part of the gallery. She suggested to let the curator make the decisions of the censorship. Jay Sweeney expressed concerns of uncensored art and gave examples. Blossom Twitchell was in support of having the art uncensored.

Municipal Attorney Brian Hanson commented on the word "uncensored" and stated there was limitation within the form. He would look toward the constitutional limitations. Municipal Administrator Keith Brady had concerns with uncensored art as staff was disrupted by art that was displayed previously and they felt threatened by the public. Bean noted the curator would be appointed by the Administrator and approved by the assembly. Knox had concerns with politicizing the curator position and felt censorship could be problematic. Miyasato thanked previous curator Norm Campbell and members of the public. He was in agreement with including the Diaz brother's memory. He was in support of uncensored art. Potrzuski noted the first amendment would allow the assembly to have limited artwork in the gallery. He had concerns with the building being public and that there were employees that are subject to it on a daily basis. He stated it is not just an art gallery, this was city hall and there was business to conduct there. Wein agreed with the assembly approval of curator. Knox told of staff that felt threatened by the controversial art from members of the public previously. Hanson noted the gallery created a limited public forum for art. He stated there was constitutional limitations but no censorship with exceptions i.e., disruption of workplace, safety and health of workers. Mayor suggested a sign by each piece of art with the curator information and where to direct complaints. Potrzuski noted it was people not the art that created a hostile workplace. Bean mentioned that a disclaimer could handle some of the issues and the reason for assembly approval. He thought to leave in the hands of the curator and not have a written policy. He stated there could be a disclaimer and curator contact information. Brady reminded the space was a place of work and people come to this building for a place of business. He had concerns with it being an unsafe space for his staff.

A motion was made by Wein to provide a venue at City Hall for the William Stortz Gallery an uncensored public art space subject to curation by a curator appointed by the Administrator and approved by the Assembly. The motion PASSED by the following vote.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

D ORD 18-37 Making Supplemental Appropriations for Fiscal Year 2019

(reappropriation of Fiscal Year 2018 unexpended appropriations)

Wein noted \$65,000 was to complete the hospital request for proposals process.

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

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

- E ORD 18-39** Amending Title 15 "Public Utilities" of the Sitka General Code by repealing Chapter 15.01 "Electric Utility Policies" Section 15.01.020 "Electrical Rates" (Plug-In Electric Vehicle Incentive Credit)

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

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

- F ORD 18-40** Authorizing a property tax exemption through December 31, 2020 for the Sitka Historical Society, Inc. in the lease premises at Harrigan Centennial Hall

Sheila Finkenbinder a member of the Board of Directors of the Sitka Historical Society thought it was reasonable to exempt the museum from property tax.

Wein recognized the the value of the Historical Society.

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

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

- G ORD 18-41** Amending Title 4 "Revenue and Finance" of the Sitka General Code by modifying Chapter 4.09 "Sales Tax" at Section 4.09.020 "Collection of Tax" (products not authorized for sales tax exemptions on sales tax free days)

Bean recused himself. Municipal Attorney Brian Hanson noted the issue of taxation and type of amendment by voter approval. He researched and reached out to the state assessor and there may be issues with alcohol and marijuana purchases. He needed additional time and requested a postponement.

A motion was made by Miyasato that this ordinance be POSTPONED to the meeting of September 25. The motion PASSED by the following vote.

Yes: 5 - Miyasato, Potrzuski, Hunter, Knox, and Wein

Absent: 1 - Eisenbeisz

Recused: 1 - Bean

XII. NEW BUSINESS:

J 18-159 Discussion / Direction / Decision to move forward with the Sitka Seaplane Base and land acquisition

Municipal Administrator Keith Brady asked for direction from the assembly on whether or not to pursue a seaplane base.

Kevin Mulligan provided a report in support of a Sitka seaplane base. He told of benefits and impacts of remote areas that needed Sitka and a seaplane base. He read from correspondence from Baranof Wilderness Lodge, NSRAA, Port Armstrong Hatchery, in support of a Sitka seaplane base and land acquisition. He noted that there were still grants available for this. He told of the benefits of visitors coming to Sitka if there were a seaplane base in Sitka. He felt there was a responsibility for the outlying communities. He stated the current seaplane facility was insufficient. He noted it could be treated as an airport and there could be federal funding available.

Municipal Administrator Keith Brady estimated the project to cost \$15 million. Mayor Hunter noted 93.7% would be covered as a cost to the project from FAA. Knox mentioned the opportunity 100% covered by grants. Mayor Hunter suggested giving direction to staff to pursue, then a resolution from the assembly. Brady updated that staff has reached out and conversations have taken place with the state including the department of education. The property has been assessed by the state higher than the municipal assessment. He noted that the Coast Guard has encroached on some of the land. In order to be included for funding to be able to apply for grant, with no obligation, Brady stated paperwork was needed to be sent and a resolution would be needed. Wein thought a seaplane base was long overdue, had many advantages, and felt the city had lost the ability to be a hub and thought it was an important part of the rural status.

Public Comment

Sheila Finkenbinder was in support of the Seaplane Base and noted the economic potential. Floatplane owner, Dave Gordon expressed his support. Sherri Aitkin, Visit Sitka was in support. Joe List representing Westmark Sitka, Fish Baranof and Totem Square was in support thought it would be a boost to the economy.

Assembly Deliberation

Bean felt this was needed and clarified that a new facility would be pursued with grant funding. Miyasato thanked Mulligan for the information he provided in his report.

A motion was made by Knox to have the Administrator pursue as a priority, a Sitka seaplane base and land acquisition.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

New Business First Reading

H ORD 18-42 Making Supplemental Appropriations for Fiscal Year 2019 (FY2018 Purchase Orders)

A motion was made by Knox that this ordinance be APPROVED on FIRST READING. The motion PASSED by the following vote.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

Additional New Business Items

- I **RES 18-18** Approving submittal and execution of Alaska Drinking Water Fund Loan applications to the State of Alaska Department of Environmental Conservation totalling up to \$18,000,000 for the project entitled Critical Secondary Water Supply

Municipal Administrator Keith Brady told of waiver conversations with representatives, state officials, and EPA. Mayor Hunter explained a filtration waiver was being pursued and reminded that when the penstock needs to be shut down, surface water was still needed from the creek that would need filtration.

Public Works Director Michael Harmon stated the project was steady, recommended rates were passed for loan funding to keep project on schedule. He said this was driven by the penstock closure for maintenance to the dam. Potrzuski wondered how bulk water related to this issue, since it used part of the system. Harmon stated the penstock was used by bulk water. Environmental Superintendent Shilo Williams told of what would cause a boil water notice and that there hadn't been a city wide boil water notice that she was aware of. They are typically localized/small and isolated. Harmon told of assembly involvement throughout the project. Chief Finance and Administrative Officer, Jay Sweeney reminded the resolution would allow the Administrator to apply for the loan and that an appropriation would be needed. He added that the loan was the most economical way to finance the fund and that the current loan rate was 1.5%. Bean wondered if the rate increased today, based on assumption, what would cause us to have to go back and raise rates and the cost were to go over \$18 million. Harmon stated the interest rate would be locked in. Mayor Hunter was in support of passing the resolution and the assembly could make another motion to direct the project to come back for final or before the contract was awarded. Bean thought to postpone. Harmon noted the ability to do maintenance and inspections to the dam to meet FERC requirements. Wein was not in support of the \$18 million and expressed the need from the state. He was concerned with change orders and felt Indian River could suffice as a secondary source. Bean was not in support and stated he did not feel this was needed at this time. Potrzuski felt that a secondary water supply was important and reminded that an inspection was needed by the dam by law and it would have to be closed. Mayor Hunter noted this project came to be because of changes in regulations however was concerned with rate increases.

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

Yes: 4 - Miyasato, Potrzuski, Hunter, and Knox

No: 2 - Bean, and Wein

Absent: 1 - Eisenbeisz

A motion was made by Potrzuski to come back for final approval by the

Assembly before any contract is awarded.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

K 18-160 Update on Pittman-Robertson funding opportunities and grant application for potential cabin development

Mayor Hunter explained the federal money available for cabin development. He stated direction was given to the Administrator to investigate. Municipal Administrator Keith Brady added the Parks and Recreation Committee suggested locations. Mayor Hunter felt it could increase opportunities for travelers and locals. Wein told of funding and mandates for the use of cabins. He had concerns with the maintenance that would have to be guaranteed in perpetuity. Brady asked for direction.

Lance Ewers confirmed that the grant was for hunting, trapping, and some wildlife viewing.

A motion was made by Wein to direct city staff to pursue and be mindful of the requirements for successful granting.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

XIII. PERSONS TO BE HEARD:

Jeff Kinnan stated the red tape was unbelievable with regards to an environmental impact statement.

Richard Wein clarified that at the last meeting he had made a factual error with regards to his comment on mythology.

XIV. EXECUTIVE SESSION

L 18-161 Legal personnel matter / lawsuit involving the Sitka Police Department

Municipal Attorney Brian Hanson recommended the Police Chief not participate in executive session.

A motion was made by Knox to go into executive session to discuss communications with the Municipal Attorney concerning a legal personnel matter and lawsuit affecting the municipality, the immediate knowledge of which would adversely affect the finances of the municipality and invite in, if desired and when ready, Police Chief Jeff Ankerfelt. The motion PASSED by unanimous consent.

Yes: 6 - Potrzuski, Miyasato, Knox, Bean, Hunter, Wein

Absent: 1 - Eisenbeisz

The Assembly was in executive session from 9:37 p.m. to 10:25 p.m.

A motion was made by Bean to reconvene as the Assembly in regular session. The motion PASSED by a unanimous voice vote.

A motion was made by Potrzuski to pursue \$10,000 appropriation for legal fees. The motion PASSED by the following vote.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

A motion was made by Bean to extend the meeting to 10:45 p.m. The motion PASSED by the following vote.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

A motion was made by Hunter to pursue a \$100,000 appropriation for legal defense.

Yes: 6 - Miyasato, Potrzuski, Hunter, Knox, Bean, and Wein

Absent: 1 - Eisenbeisz

XV. ADJOURNMENT

A motion was made by Potrzuski to ADJOURN. Hearing no objections, the meeting ADJOURNED at 10:27 p.m.

ATTEST: _____
Melissa Henshaw, CMC
Acting Municipal Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-164 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Approve a liquor license transfer of ownership application from JD & PR Colton and JP & TE Colton dba Nugget Restaurant at 600 Airport Road Ste A to DPJT, Inc. dba Nugget Restaurant at 600 Airport Road Ste A

Sponsors:

Indexes:

Code sections:

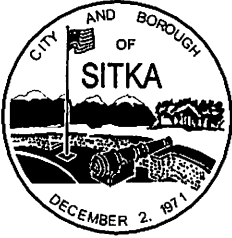
Attachments: [Motion Memos and Documents Transfer of Ownership Nugget Liquor License.pdf](#)

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 a liquor license transfer of ownership application for JD & PR Colton and JP & TE Colton dba the Nugget Restaurant at 600 Airport Road Ste A to DPJT, Inc. dba the Nugget Restaurant and forward this approval to the Alcoholic Beverage Control Board without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Hunter and Assembly Members
Keith Brady, Municipal Administrator

From: Sara Peterson, Municipal Clerk

Date: September 5, 2018

Subject: Approve a liquor license transfer of ownership for the Nugget Restaurant

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of the following liquor license transfer of ownership application submitted by:

License Type: Beverage Dispensary
Licensee: JD & PR Colton and JP & TE Colton
License #: 790
DBA: Nugget Restaurant
Premises Address: 600 Airport Road Ste A

Transfer To: DPJT, Inc.
Designated Licensee: Tim Holder
DBA: Nugget Restaurant
Premises Address: 600 Airport Road Ste A

A memo was circulated to the various departments who may have a reason to protest the renewal of this license. No departmental objections were received.

Recommendation:

Approve the liquor license transfer of ownership application from JD & PR Colton and JP & TE Colton dba the Nugget Restaurant at 600 Airport Road Ste A to DPJT, Inc. dba Nugget Restaurant at 600 Airport Road Ste A and forward this approval to the Alcoholic Beverage Control Board without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Utility Billing Clerk – Diana
Collections - Sunni
Municipal Billings – Lindsey
Sales Tax/Property Tax - Hannah
Fire Department
Police Department
Building Official(s)

From: Sara Peterson, Municipal Clerk

Date: August 21, 2018

Subject: Liquor License Transfer of Ownership Application Nugget Restaurant

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of the following liquor license transfer of ownership application submitted by:

License Type: Beverage Dispensary
Licensee: JD & PR Colton and JP & TE Colton
License #: 790
DBA: Nugget Restaurant
Premises Address: 600 Airport Road Ste A

Transfer To: DPJT, Inc.
Designated Licensee: Tim Holder
DBA: Nugget Restaurant
Premises Address: 600 Airport Road Ste A

Please notify no later than **noon on Wednesday, August 29** of any reason to protest this renewal request. This request is scheduled to go before the Assembly on September 11.

Thank you.



THE STATE
of ALASKA
GOVERNOR BILL WALKER

Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7th Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

August 21, 2018

City and Borough of Sitka

Attn: Sara Peterson, Municipal Clerk

Via Email: sara.peterson@cityofsitka.org
melissa.henshaw@cityofsitka.org

License Type:	Beverage Dispensary	License Number:	790
Licensee:	DPJT, INC.		
Doing Business As:	Nugget Restaurant		

☐ New Application

☒ Transfer of Ownership Application

☐ Transfer of Location Application

☐ Transfer of Controlling Interest Application

We have received a completed application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under AS 04.11.480.

A local governing body may protest the approval of an application(s) pursuant to AS 04.11.480 by furnishing the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of receipt of this notice, and by allowing the applicant a reasonable opportunity to defend the application before a meeting of the local governing body, as required by 3 AAC 304.145(d). If a protest is filed, the board will deny the application unless the board finds that the protest is arbitrary, capricious, and unreasonable. To protest the application referenced above, please submit your protest within 60 days and show proof of service upon the applicant.

AS 04.11.491 – AS 04.11.509 provide that the board will deny a license application if the board finds that the license is prohibited under as a result of an election conducted under AS 04.11.507.

AS 04.11.420 provides that the board will not issue a license when a local governing body protests an application on the grounds that the applicant's proposed licensed premises are located in a place within the local government where a local zoning ordinance prohibits the alcohol establishment, unless the local government has approved a variance from the local ordinance.

Sincerely,

Jedediah Smith, Local Government Specialist

amco.localgovernmentonly@alaska.gov



Alcohol and Marijuana Control Office

550 W 7th Avenue, Suite 1600

Anchorage, AK 99501

alcohol.licensing@alaska.gov

<https://www.commerce.alaska.gov/web/amco>

Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-01: Transfer License Application

What is this form?

This transfer license application form is required for all individuals or entities seeking to apply for the transfer of ownership and/or location of an existing liquor license. Applicants should review Title 04 of Alaska Statutes and Chapter 304 of the Alaska Administrative Code. All fields of this form must be completed, per AS 04.11.260, AS 04.11.280, AS 04.11.290, and 3 AAC 304.105.

This form must be completed and submitted to AMCO's main office, along with all other required forms and documents, before any license application will be considered complete.

Section 1 – Transferor Information

Enter information for the **current** licensee and licensed establishment.

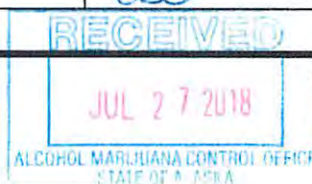
Licensee:	JD & PR Colton and JP & TE Colton	License #:	790		
License Type:	Beverage Dispensary	Statutory Reference:	04.11.090		
Doing Business As:	Nugget Restaurant				
Premises Address:	600 Airport Rd, Ste A				
City:	Sitka	State:	AK	ZIP:	99835
Local Governing Body:	City & Borough of Sitka				

Transfer Type:

- ☒ Regular transfer
☐ Transfer with security interest
☐ Involuntary retransfer



OFFICE USE ONLY			
Complete Date:	8/21/18	Transaction #:	114618
Board Meeting Date:	10/15/18	License Years:	18/19
Issue Date:		BRE:	CDC





Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
alcohol.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-01: Transfer License Application

Section 2 – Transferee Information

Enter information for the **new** applicant and/or location seeking to be licensed.

Licensee:	DPJT, INC.				
Doing Business As:	Nugget Restaurant				
Premises Address:	600 Airport Rd, Ste A				
City:	Sitka	State:	AK	ZIP:	99835
Community Council:	City and Borough of Sitka				

Mailing Address:	600 Airport Rd., Ste A				
City:	Sitka	State:	AK	ZIP:	99835

Designated Licensee:	Tim Holder				
Contact Phone:	907-738-3640	Business Phone:	907-966-2480		
Contact Email:	nuggetsitkaak@yahoo.com				

Seasonal License? ☐ Yes ☒ No If "Yes", write your six-month operating period: _____

Section 3 – Premises Information

Premises to be licensed is:

☒ an existing facility ☐ a new building ☐ a proposed building



The next two questions must be completed by beverage dispensary (including tourism) and package store applicants only:

What is the distance of the shortest pedestrian route from the public entrance of the building of your proposed premises to the outer boundaries of the nearest school grounds? Include the unit of measurement in your answer.

1.2 miles

What is the distance of the shortest pedestrian route from the public entrance of the building of your proposed premises to the public entrance of the nearest church building? Include the unit of measurement in your answer.

1.4 miles





Alaska Alcoholic Beverage Control Board

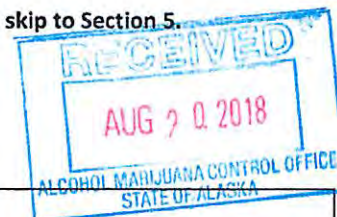
Form AB-01: Transfer License Application**Section 4 – Sole Proprietor Ownership Information**

This section must be completed by any sole proprietor who is applying for a license. Entities should skip to Section 5.

If more space is needed, please attach a separate sheet with the required information.

The following information must be completed for each licensee and each affiliate (spouse).

This individual is an: ☐ applicant ☐ affiliate



Name:					
Address:					
City:		State:		ZIP:	

This individual is an: ☐ applicant ☐ affiliate

Name:					
Address:					
City:		State:		ZIP:	

Section 5 – Entity Ownership Information

This section must be completed by any entity, including a corporation, limited liability company (LLC), partnership, or limited partnership, that is applying for a license. Sole proprietors should skip to Section 6.

If more space is needed, please attach a separate sheet with the required information.

- If the applicant is a corporation, the following information must be completed for each *stockholder who owns 10% or more* of the stock in the corporation, and for each *president, vice-president, secretary, and managing officer*.
- If the applicant is a limited liability organization, the following information must be completed for each *member with an ownership interest of 10% or more*, and for each *manager*.
- If the applicant is a partnership, including a limited partnership, the following information must be completed for each *partner with an interest of 10% or more*, and for each *general partner*.

Entity Official:	Tim Holder				
Title(s):	Pres; sec; treas; director	Phone:	907-738-3640	% Owned:	100
Address:	600 Airport Rd., Ste A				
City:	Sitka	State:	AK	ZIP:	99835



Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
alcohol.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-01: Transfer License Application

Entity Official:					
Title(s):		Phone:		% Owned:	
Address:					
City:		State:		ZIP:	

Entity Official:					
Title(s):		Phone:		% Owned:	
Address:					
City:		State:		ZIP:	

Entity Official:					
Title(s):		Phone:		% Owned:	
Address:					
City:		State:		ZIP:	

This subsection must be completed by any applicant that is a corporation or LLC. Corporations and LLCs are required to be in good standing with the Alaska Division of Corporations (DOC) and have a registered agent who is an individual resident of the state of Alaska.

DOC Entity #:	80462D	AK Formed Date:	07/16/2003	Home State:	Alaska
Registered Agent:	Tim Holder	Agent's Phone:	907-738-3640		
Agent's Mailing Address:	600 Airport Rd., Ste A				
City:	Sitka	State:	AK	ZIP:	99835

Residency of Agent: Yes No

Is your corporation or LLC's registered agent an individual resident of the state of Alaska?

☒ ☐



Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
alcohol.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-01: Transfer License Application

Section 6 – Other Licenses

Ownership and financial interest in other alcoholic beverage businesses:

Yes No

Does any representative or owner named as a transferee in this application have any direct or indirect financial interest in any other alcoholic beverage business that does business in or is licensed in Alaska?

☐☒

If "Yes", disclose which individual(s) has the financial interest, what the type of business is, and if licensed in Alaska, which license number(s) and license type(s):

Section 7 – Authorization

Communication with AMCO staff:

Yes No

Does any person other than a licensee named in this application have authority to discuss this license with AMCO staff?

☒☐

If "Yes", disclose the name of the individual and the reason for this authorization:

Brandon C Marx and employees of Law Office of Brandon C Marx. Attorney representing the Nugget for this transfer application





Alcohol and Marijuana Control Office

550 W 7th Avenue, Suite 1600

Anchorage, AK 99501

alcohol.licensing@alaska.gov

<https://www.commerce.alaska.gov/web/amco>

Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-01: Transfer License Application

Section 8 – Transferor Certifications

Additional copies of this page may be attached, as needed, for the controlling interest of the current licensee to be represented.

I declare under penalty of perjury that the undersigned represents a **controlling interest** of the current licensee. I additionally certify that I, as the current licensee (either the sole proprietor or the controlling interest of the currently licensed entity) have examined this application, approve of the transfer of this license, and find the information on this application to be true, correct, and complete.

Patty R. Colton

Signature of transferor

Patty Rae Colton

Printed name of transferor

Subscribed and sworn to before me this 10th day of July, 2018.



Angela M Phillips

Signature of Notary Public

Notary Public in and for the State of Washington

My commission expires: 02-01-2020

James Dale Colton

Signature of transferor

James Dale Colton

Printed name of transferor

Subscribed and sworn to before me this 10th day of July, 2018.



Angela M Phillips

Signature of Notary Public

Notary Public in and for the State of Washington

My commission expires: 02-01-2020





Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
alcohol.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-01: Transfer License Application

Section 9 – Transferee Certifications

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that all proposed licensees (as defined in AS 04.11.260) and affiliates have been listed on this application.



I certify that all proposed licensees have been listed with the Division of Corporations.



I certify that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.



I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check the identification of a patron will complete an approved alcohol server education course, if required by AS 04.21.025, and, while selling or serving alcoholic beverages, will carry or have available to show a current course card or a photocopy of the card certifying completion of approved alcohol server education course, if required by 3 AAC 304.465.



I agree to provide all information required by the Alcoholic Beverage Control Board in support of this application.



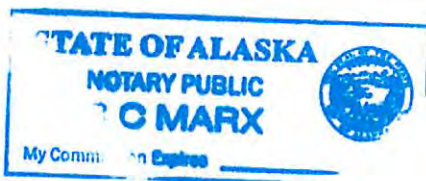
As an applicant for a liquor license, I declare under penalty of perjury that I have read and am familiar with AS 04 and 3 AAC 304, and that this application, including all accompanying schedules and statements, is true, correct, and complete.

Signature of transferee

Tim Holder

Printed name

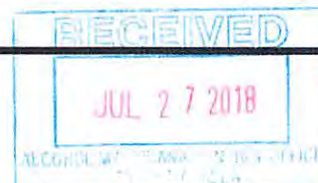
Subscribed and sworn to before me this 2nd day of July, 2018.



Signature of Notary Public

Notary Public in and for the State of Alaska

My commission expires: 8/10/18





Alcohol and Marijuana Control Office

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Anchorage, AK 99501

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Alaska Alcoholic Beverage Control Board

Form AB-02: Premises Diagram

What is this form?

A detailed diagram of the proposed licensed premises is required for all liquor license applications, per AS 04.11.260 and 3 AAC 304.185. Your diagram must include dimensions and must show all entrances and boundaries of the premises, walls, bars, fixtures, and areas of storage, service, consumption, and manufacturing. If your proposed premises is located within a building or building complex that contains multiple businesses and/or tenants, please provide an additional page that clearly shows the location of your proposed premises within the building or building complex, along with the addresses and/or suite numbers of the other businesses and/or tenants within the building or building complex.

The second page of this form is not required. Blueprints, CAD drawings, or other clearly drawn and marked diagrams may be submitted in lieu of the second page of this form. The first page must still be completed, attached to, and submitted with any supplemental diagrams. An AMCO employee may require you to complete the second page of this form if additional documentation for your premises diagram is needed.

This form must be completed and submitted to AMCO's main office before any license application will be considered complete.

Yes No

I have attached blueprints, CAD drawings, or other supporting documents in addition to, or in lieu of, the second page of this form.

☒ ☐

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

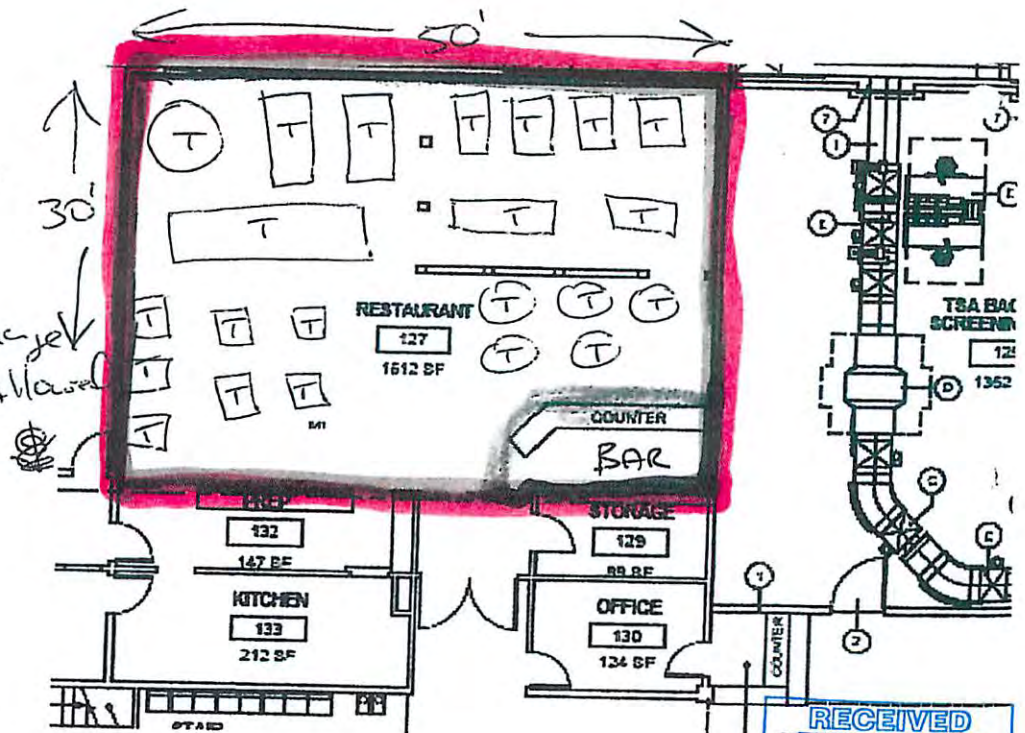
Licensee:	DPJT, INC	License Number:	790		
License Type:	Beverage Dispensary				
Doing Business As:	Nugget Restaurant				
Premises Address:	600 Airport Rd., Ste A				
City:	Sitka	State:	AK	ZIP:	99835



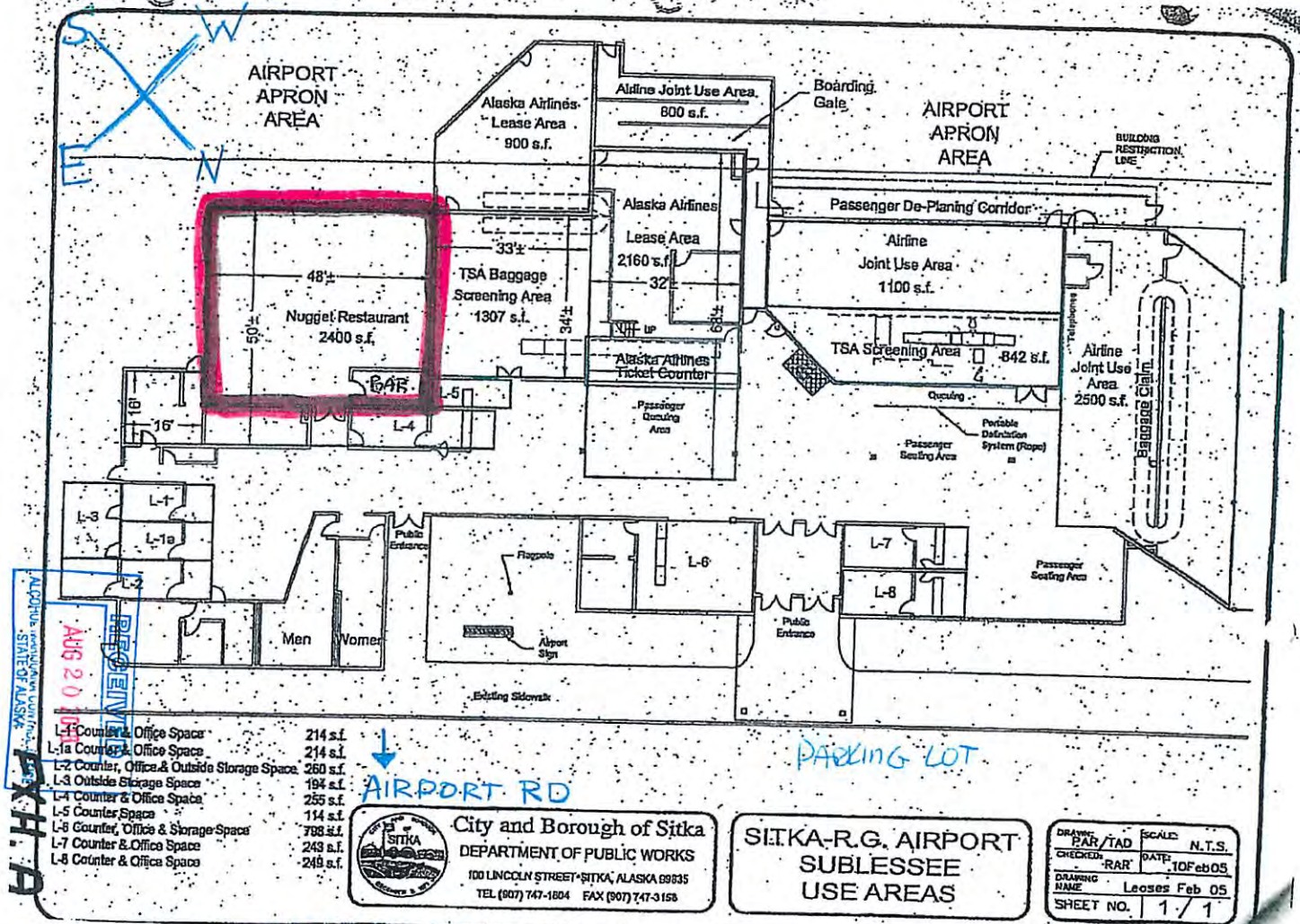
Alcohol is served
 @ the bar counter -
 no minors allowed
 Alcohol is also served
 @ all tables - minors are
 allowed @ the tables
 There is no alcohol in the
 prep or kitchen areas

T = TABLES

BAR =
 Alcohol served
 NO MINORS ALLOWED



OCEAN





Alcohol and Marijuana Control Office

550 W 7th Avenue, Suite 1600

Anchorage, AK 99501

alcohol.licensing@alaska.gov

<https://www.commerce.alaska.gov/web/amco>

Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-03: Restaurant Designation Permit Application

What is this form?

A restaurant designation permit application is required for a licensee desiring designation under 3 AAC 304.715 – 3 AAC 304.795 as a bona fide restaurant, hotel, or eating place for purposes of AS 04.16.010(c) or AS 04.16.049. Designation will be granted only to a holder of a beverage dispensary, club, recreational site, golf course, or restaurant or eating place license, and only if the requirements of 3 AAC 304.305, 3 AAC 304.725, and 3 AAC 304.745, as applicable, are met. A **detailed floor plan** of the proposed designated and undesignated areas of the licensed business and a **menu** or expected menu listing the meals to be offered to patrons must accompany this form. Applicants should review AS 04.16.049 – AS 04.16.052 and 3 AAC 304.715 – 3 AAC 304.795. All fields of this form must be completed. The required \$50 permit fee may be made by credit card, check, or money order.

Section 1 – Establishment Information

Enter information for licensed establishment.

Licensee:	DPJT, INC				
License Type:	Beverage Dispensary	License Number:	790		
Doing Business As:	Nugget Restaurant				
Premises Address:	600 Airport Rd., Ste A				
City:	Sitka	State:	AK	ZIP:	99835
Contact Name:	Tim Holder	Contact Phone:	907-738-3640		

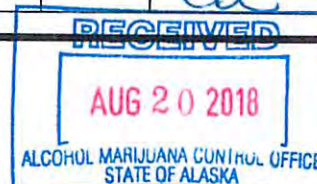
Section 2 – Type of Designation Requested

This application is for the request of designation as a bona fide restaurant, hotel, or eating place for purposes of AS 04.16.010(c) or AS 04.16.049, and for the request of the following designation(s) (check all that apply):

- ☒ Dining after standard closing hours: AS 04.16.010(c)
- ☒ Dining by persons 16 – 20 years of age: AS 04.16.049(a)(2)
- ☒ Dining by persons under the age of 16 years, accompanied by a person over the age of 21: AS 04.16.049(a)(3)
- ☐ Employment for persons 16 or 17 years of age: AS 04.16.049(c)

NOTE: Under AS 04.16.049(d), this permit is not required to employ a person 18 - 20 years of age.

OFFICE USE ONLY					
Issue Date:		Transaction #:	120567	BRE:	CBC





Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
alcohol.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

Alaska Alcoholic Beverage Control Board

Form AB-03: Restaurant Designation Permit Application

Section 3 – Additional Information

Enter all hours that your establishment intends to be open. Include variances in weekend/weekday hours, and indicate am/pm:

8 AM - 8 PM 7 days a week

6 AM - 8 PM June 1st to Sept 1st

Are any forms of entertainment offered or available within the licensed business or on the proposed designated portions of the premises?

Yes

☐

No

☒

If "Yes", describe the entertainment offered or available:

Food and beverage service offered or anticipated is:

☒

table service

☐

buffet service

☐

counter service

☐

other

If "other", describe the manner of food and beverage service offered or anticipated:



Is an owner, manager, or assistant manager 21 years of age or older always present on the premises during business hours?

Yes

☒

No

☐

Blueprints, CAD drawings, or other clearly drawn and marked diagrams may be submitted in lieu of the third page of this form.

I have attached blueprints, CAD drawings, or other supporting documents in addition to, or in lieu of, the third page of this form that meet the requirements of this form.

Yes

☐

No

☒



Alcohol and Marijuana Control Office
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Alaska Alcoholic Beverage Control Board

Form AB-03: Restaurant Designation Permit Application

Section 4 – Detailed Floor Plan

Provide a detailed floor plan that meets the requirements listed in Form AB-02 and clearly indicates the proposed designated and undesignated areas of the licensed business for purposes of this permit application.

See attached

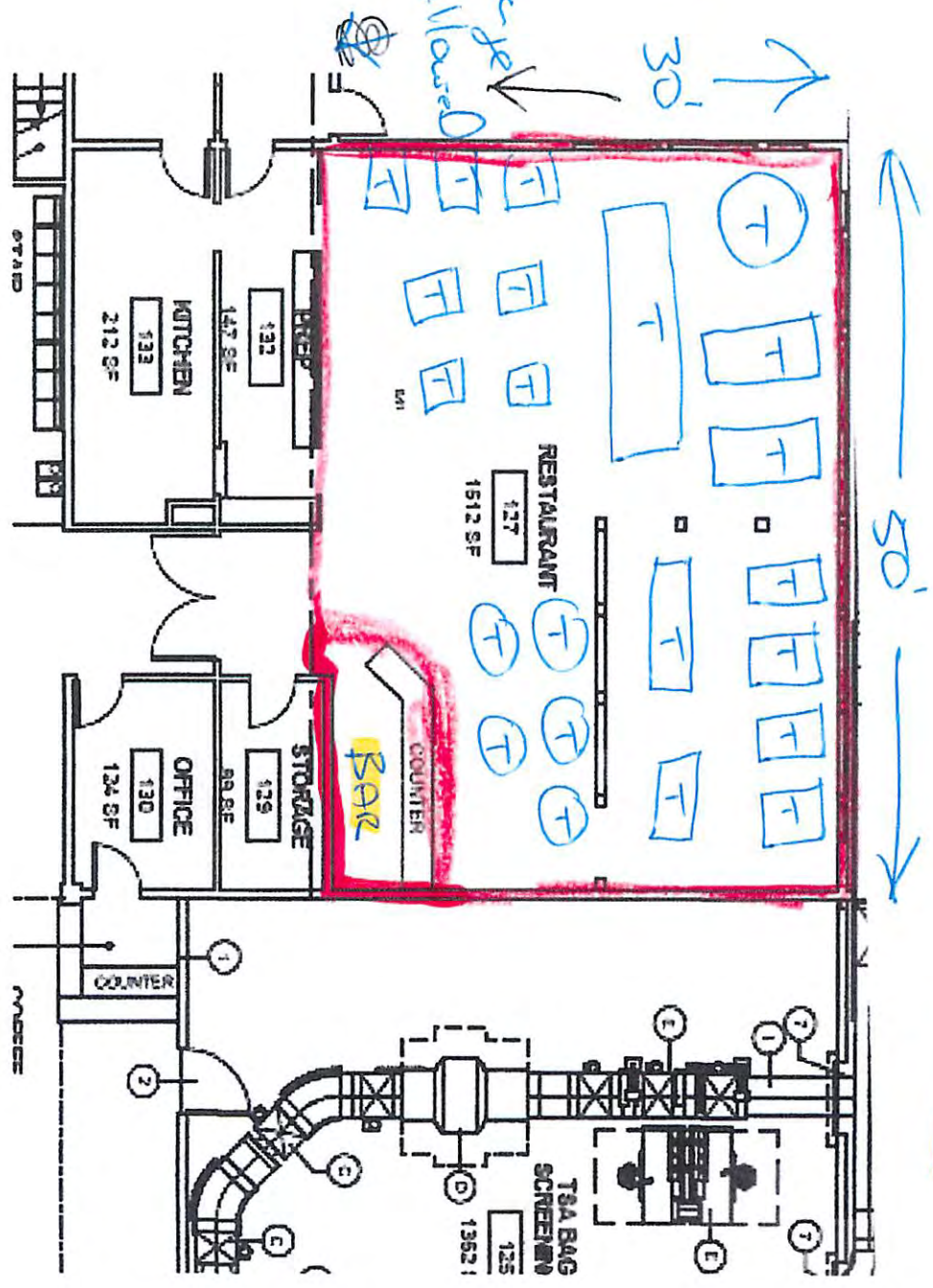


Alcohol is served
 @ the bar counter -
 no minors allowed
 Alcohol is also served
 @ all tables - minors are
 allowed @ the tables

There is no alcohol in the
 prep or kitchen areas

T = TABLES

Bar =
 Alcohol storage
 NO minors allowed



RECEIVED
 AUG 20 2018
 ALCOHOL MARIJUANA CONTROL OFFICE
 STATE OF ALASKA



Alcohol and Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
alcohol.licensing@alaska.gov
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Alaska Alcoholic Beverage Control Board

Form AB-03: Restaurant Designation Permit Application

Section 5 – Certifications and Approvals

Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I have included with this form a detailed floor plan of the proposed designated and undesignated areas of the licensed business for purposes of this application. I understand that this diagram is different than my licensed premises diagram.



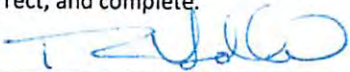
I have included with this form a menu, or an expected menu, listing the meals to be offered to patrons.




I certify that the license for which I am requesting designation is either a beverage dispensary, club, recreational site, golf course, or restaurant or eating place license.



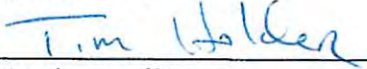
I declare under penalty of perjury that this form, including all attachments and accompanying schedules and statements, is true, correct, and complete.



Signature of licensee



Signature of Notary Public

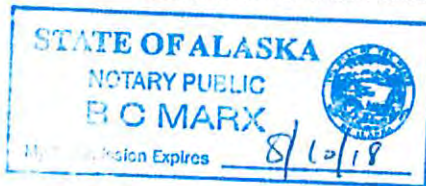


Printed name of licensee

Notary Public in and for the State of Alaska

My commission expires: 8/10/18

Subscribed and sworn to before me this 2nd day of July, 20 18.



Local Government Review (to be completed by an appropriate local government official):

Approved Disapproved



Signature of local government official

Date

Printed name of local government official

Title





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Alaska Alcoholic Beverage Control Board

Form AB-03: Restaurant Designation Permit Application

AMCO Enforcement Review:

Signature of AMCO Enforcement Supervisor

Printed name of AMCO Enforcement Supervisor

Enforcement Recommendations:

AMCO Director Review:

Approved Disapproved

☐☐

Signature of AMCO Director

Printed name of AMCO Director

Date



Limitations:



BREAKFAST

Served All Day

3 EGG OMELETS

Served with Hash Browns and Toast

Vegetarian (broccoli, peppers, onion, mushrooms, tomato and cheddar cheese) 13.
Meat Lover (ham, bacon, sausage and cheddar cheese) 13.
Alaskan Denver (shrimp, peppers, onion and cheddar cheese) 13.
Combo (ham, tomato, onion, peppers and cheddar cheese) 13.
Denver (ham, peppers, onion and cheddar cheese) 12.
Spanish (mushrooms, peppers, onions and cheese with salsa on top) 12.
California (bacon, onion, peppers, tomato and cheddar cheese) 12.
Ham or Bacon or Sausage and Cheese Omelet 12.
Make Your Own Omelet with cheese 12, each additional ingredient 1.
 Swiss cheese, cheddar cheese, American cheese, ham, sausage, bacon, peppers, onions, mushrooms, shrimp, sour cream, jalapenos.

* Steak & Eggs (8 oz.) 17.

* Nugget Breakfast (2 bacon, 2 links, 1 patty, ham and eggs) 16.

* Chicken Fried Steak & Eggs 15.

* Eggs Benedict 15.

* Bacon, Links, Patties or Ham & Eggs 12.

* Corned Beef Hash & Eggs 12.

* 2 Eggs Any Way 10.

* Biscuits & Gravy & Eggs 12.

All of the above served with hash browns and toast

Breakfast Burrito with eggs, peppers, onions and cheese 10.
 add bacon, sausage or ham 1. • chorizo 2.

Egg Mac (breakfast sandwich on English muffin with a fried egg, ham, bacon or sausage patty and cheese) 6.5

SIDES

Bacon, Ham, Sausage, Corned Beef Hash, Chicken Fried Steak or Biscuits & Gravy 5.
 Hash Browns 5. • Toast 2. • Egg 1.75 each.

Bread Choices:

White, Wheat, Sour Dough, Rye, Texas Toast, English Muffin or Biscuit

DRINKS

All Drinks 2.50

Juice

(Orange, Apple, Cranberry, Grapefruit, Tomato)

Milk, Hot Chocolate, Ice Tea or Lemonade

Soda

(Coke, Diet Coke, Cherry Coke, Sprite, Root Beer, Dr. Pepper)

Coffee or Hot Tea

Soda, Coffee, and Ice Tea Refills Free



THE NUGGET RESTAURANT

600 AIRPORT ROAD • SITKA, AK 99835

ON THE GRIDDLE

Served Until Noon...

French Toast 7.50

Belgian Waffle 7.50

Pancakes - (1) 4.50 (2) 7.50 (3) 10.

add chocolate chips, blueberries, strawberries or bacon for 1.50

add whipped cream .50

Oatmeal 6.

Handmade w/milk

add Raisins, Brown sugar .50 • Banana 1. • Blueberries 1.

SALADS

Extra Dressing .75

Chef 13. • Turkey, ham, cheddar, Swiss, olives, pickles, tomatoes & egg

Shrimp Louie 13. • Shrimp, egg, tomatoes, olives, pickles

Caesar Salad 9.

Add Chicken 5. • Halibut or Salmon 9.

WRAPS

Comes with a side.

Fried Rock Fish Wrap 13.
 Locally caught rock fish with lettuce, tomato, cheddar cheese & thousand island.

Coast Guard Wrap 13.
 Chicken tenders, lettuce, tomato, cheddar cheese & buffalo sauce

SIDES

Homemade Soup Cup 5. • Bowl 6.50

Fries 5. • Onion Rings 5. • Green Salad 5. • Caesar Salad 7.

DRESSINGS .75

Honey Mustard
 Ranch, Buffalo Ranch,
 Blue Cheese, Thousand Island,
 Balsamic Vinaigrette,
 Italian, Oil & Vinegar

SAUCES 1.

Hollandaise
 Country Gravy
 Brown Gravy
 Au Jus
 Sour Cream
 Salsa

LUNCH

Served All Day

All lunches served with your choice of fries, onion rings, salad or a cup of soup

HOMEMADE CHARBROILED BURGERS

(All Burgers come with Mayo, Lettuce, Tomato, Pickle)

Nugget (2 patties, American, Swiss cheese, ham, turkey, bacon) 16.
Diablo (1 patty, pepperjack, bacon, jalapeno and buffalo ranch sauce) 15.
Patty Melt (2 burger patties, grilled onions, Swiss cheese on rye) 15.
Hawaiian Burger (1 patty, Swiss cheese, pineapple, ham) 14.
Mushroom Burger (1 patty, Swiss cheese, mushrooms) 13.
Alaskan Burger (1 patty, American, Swiss cheese & ham) 14.
Bacon Cheeseburger 14. **Cheeseburger** 12. **Hamburger** 11.

CHICKEN

Chicken Burger (grilled chicken breast with lettuce, tomato, mayo on a bun) 13.
Teriyaki Chicken Burger (grilled chicken breast with pineapple, teriyaki, Swiss and tomato) 13.
Fried Chicken Burger (breaded & deep fried with mayo, lettuce, and tomato) 13.
Chicken Tenders (fried chicken strips with homemade ranch) 13.
Chicken Low-Cal (grilled chicken, tomato, cottage cheese, pineapple and a side salad) 13.

FISH AND SEAFOOD

Fried Halibut Burger (hand breaded local halibut, lettuce, tomato & pepper jack cheese) 19.
Alaskan Halibut Burger (grilled, lettuce, tomato, mayo on bun) 18.
Rockfish Basket (Locally caught rockfish) 14.
Clam Basket (fried clam strips with homemade tartar sauce) 12.
Prawn Basket (breaded fried prawns with homemade tartar sauce) 13.
King Salmon Burger (grilled filet, lettuce, tomato, mayo on a bun) 14.

GRILLED SANDWICHES

Prime Melt (sliced prime rib, onions, mushrooms and Swiss cheese on a French roll with au jus) 15.
Reuben (pastrami, sauerkraut and Swiss cheese on rye with thousand island) 13.
Chicken or Beef Philly (onions, peppers, Swiss cheese on French roll) 13.
Irish (house roast beef, onions, tomatoes and Swiss cheese on sourdough) 13.
Turkey Melt (sliced turkey, grilled onions, Swiss cheese on rye) 13.
French Dip (house slow cooked roast beef with Au Jus on a French roll) 13.
Tuna Melt (grilled tuna fish and melted American cheese on Texas toast) 13.
Grilled Cheese on Texas Toast 8. Add Ham 10.

COLD SANDWICHES

(All comes with Mayo, Lettuce, Tomato, and Pickle on Texas Toast)
Clubhouse 13. • **BLT** 11. • **Beef, Tuna, Ham or Turkey** 10.
Ramper Tuna (tuna, lettuce, tomato, pepper jack, mayo & fried egg on rye) 13.

* Consuming raw or undercooked meats, poultry, seafood, shellfish, or eggs, may increase your risk of foodborne illness



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-172 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Approve a Standard Marijuana Cultivation Facility license renewal application for Darren H Phillips dba Fiberflite at 120 Jarvis Street Unit C

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and memos Fiberflite.pdf](#)

[License No. 13577 Renewal-LG Notice Standard Marijuana Cultivation Facility Fiberflite.pdf](#)

[13577 Renewal Application Fiberflite.pdf](#)

[13577 Renewal Application Certifications.pdf](#)

[13577 Online Application Redacted Fiberflite.pdf](#)

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

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

POSSIBLE MOTION

I MOVE TO approve the renewal of a standard marijuana cultivation facility license for Darren H Phillips dba Fiberlite at 120 Jarvis Street Unit C and forward this approval to the Alcohol and Marijuana Control Office without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Hunter and Assembly Members
Keith Brady, Municipal Administrator

From: Sara Peterson, Municipal Clerk

Date: September 5, 2018

Subject: Approve Standard Marijuana Cultivation Facility License Renewal – Fiberflite

Our office has received notification from the Alcohol and Marijuana Control Office of a renewal for a standard marijuana cultivation facility license submitted by:

License #:	13577
License Type:	Standard Marijuana Cultivation Facility
Licensee/Applicant:	Darren H Phillips
D.B.A.:	Fiberflite
Physical Address:	120 Jarvis Street Unit C; Sitka, AK
Designated Licensee:	Darren H Phillips

A memo was circulated to the various departments who may have a reason to protest. No departmental objections were received.

Recommendation: Approve the renewal of a standard marijuana cultivation facility license for Darren H Phillips dba Fiberflite and forward this approval to the Alcohol and Marijuana Control Office without objection.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

Memorandum

To: Planning Department
Collections - Sunni
Municipal Billings – Lindsey
Sales Tax/Property Tax
Utility Billing Clerk – Diana
Public Works Department – Shilo
Fire Department
Police Department
Electric Department
Building Official

From: Melissa Henshaw, Acting Municipal Clerk

Date: August 31, 2018

Subject: Renewal Marijuana Cultivation Facility License

The Municipal Clerk's Office has been notified by the Alcohol and Marijuana Control Office of a renewal for a standard marijuana cultivation facility license submitted by:

License #: 13577
License Type: Standard Marijuana Cultivation Facility
Licensee/Applicant: Darren H Phillips
D.B.A.: Fiberflite
Physical Address: 120 Jarvis Street Unit C; Sitka, AK
Designated Licensee: Darren H Phillips

Please notify me **no later than end of day on Tuesday, September 4th** of any reason to protest this request. This license renewal is scheduled to go before the Assembly on September 11th.

Thank you.



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Commerce, Community,
and Economic Development

ALCOHOL & MARIJUANA CONTROL OFFICE

550 West 7th Avenue, Suite 1600

Anchorage, AK 99501

Main: 907.269.0350

August 30, 2018

City & Borough of Sitka

Attn: Borough/City Clerk

Via Email: Sara.peterson@cityofsitka.org

Melissa.henshaw@cityofsitka.org

Michael.scarcelli@cityofsitka.org; Brian.hanson@cityofsitka.org; planning@cityofsitka.org

License Number:	13577
License Type:	Standard Marijuana Cultivation Facility
Licensee:	DARREN H PHILLIPS
Doing Business As:	FIBERFLITE
Physical Address:	120 jarvis st Unit C sitka, AK 99835
Designated Licensee:	DARREN H PHILLIPS
Phone Number:	209-608-5500
Email Address:	fiberflite@aol.com

AMCO has received a complete renewal application for the above listed license (see attached application documents) within your jurisdiction. This is the notice required under 3 AAC 306.035(c)(2).

To protest the approval of this application pursuant to 3 AAC 306.060, you must furnish the director **and** the applicant with a clear and concise written statement of reasons for the protest within 60 days of the date of this notice, and provide AMCO proof of service of the protest upon the applicant.

3 AAC 306.060 states that the board will uphold a local government protest and deny an application for a marijuana establishment license unless the board finds that a protest by a local government is arbitrary, capricious, and unreasonable.

At the May 15, 2017, Marijuana Control Board meeting, the board delegated to me the authority to approve renewal applications with no protests, objections, or notices of violation. However, if a timely protest or objection is filed for this application, or if any notices of violation have been issued for this license, the board will consider the application. In those situations, a temporary license will be issued pending board consideration.

If you have any questions, please email amco.localgovernmentonly@alaska.gov.

Sincerely,

Erika McConnell
Director



Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
<https://www.commerce.alaska.gov/web/amco>
Phone: 907.269.0350

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DARREN H PHILLIPS	License Number:	13577		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	FIBERFLITE				
Physical Address:	120 Jarvis st. unit C				
City:	Sitka	State:	AK	Zip Code:	99835
Designated Licensee:	DARREN H PHILLIPS				
Email Address:	fiberflite@aol.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	Lease Addendum
-----------------	----------------

OFFICE USE ONLY

Received Date:		Payment Submitted Y/N:		Transaction #:	
----------------	--	------------------------	--	----------------	--

Received by AMCO 8.29.18



Alaska Marijuana Control Board

Cover Sheet for Marijuana Establishment Applications

Alcohol & Marijuana Control Office
550 W 7th Avenue, Suite 1600
Anchorage, AK 99501
marijuana.licensing@alaska.gov
https://www.commerce.alaska.gov/web/amco
Phone: 907.269.0350

What is this form?

This cover sheet **must** be completed and submitted any time a document, payment, or other marijuana establishment application item is emailed, mailed, or hand-delivered to AMCO's main office.

Items that are submitted without this page will be returned in the manner in which they were received.

Section 1 – Establishment Information

Enter information for the business seeking to be licensed, as identified on the license application.

Licensee:	DARREN H PHILLIPS	License Number:	13577		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	FIBERFLITE				
Physical Address:	120 jarvis st, Unit C				
City:	sitka	State:	AK	Zip Code:	99835
Designated Licensee:	DARREN H PHILLIPS				
Email Address:	fiberflite@aol.com				

Section 2 – Attached Items

List all documents, payments, and other items that are being submitted along with this page.

Attached Items:	<ul style="list-style-type: none">- Form MJ-20: Renewal Application Certifications- Proof of Possession of Proposed Premises: Commerical Lease - Renews Automatically; see page 16, item 27.- Entity Document(s) - N/A; Fiberflite is owned by an individual. Alaska State Business License is under a Sole Proprietorship. Printout included as proof/reference.- Fingerprint Cards- Fingerprint Fees - Check# 1072 for \$47.00- Renewal Application Fee, Late Renewal Fee and Facility License Fee - Check# 1071 for \$6,600.00
-----------------	--

OFFICE USE ONLY

Received Date:		Payment Submitted Y/N:		Transaction #	
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FIRST AMENDMENT TO COMMERCIAL LEASE

This First Amendment (*Amendment*) to that Commercial Lease (*Lease*) dated July 1, 2017, is made this 15 day of November 2017, by and between **Baranof Investments, LLC**, of Post Office Box 1874, Sitka, Alaska 99835, herein referred to as the *Landlord*, and, **Darren Phillips** dba FiberFlite, of Post Office Box 645, Sitka, Alaska 99035, herein referred to as the *Tenant*; and for valuable consideration, the receipt of which is acknowledged, the parties add a new subsection, and in furtherance thereof, agree:

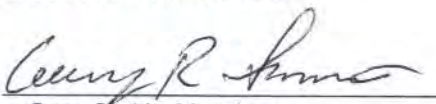
1. Add new subsection 24.b.v., to read as:

v. Without limiting the generality of the provision stated in this Section 24.b., of this Lease, Landlord covenants and agrees, that in the event of default by Tenant, Landlord shall not take possession of marijuana situated on the Premises, or otherwise handle, disturb or remove marijuana from the Premises without first giving notice of Tenant's default and Landlord's election to take possession of the Premises, to the Alcohol & Marijuana Control Board (herein, **AMCB**), 550 W. 7th Avenue, Suite 1600, Anchorage, Alaska 99501, telephone: 907-269-0350; and, proceeding as directed by the AMCB.

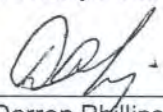
2. **Status of Lease.** Except as otherwise specifically provided in this First Amendment to the Lease, the Lease terms, conditions, and covenants shall continue in full force and effect as a legal, binding and enforceable agreement.

IN WITNESS, WHEREOF, the Landlord, and Tenant have hereunto set their hands, and this Lease shall be deemed effective this 15 day of November 2017.

LANDLORD
Baranof Investments, LLC

By: 
Gary Smith, Member

TENANT
Darren Phillips dba FiberFlite

By: 
Darren Phillips

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 15 day of November, 2017, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Gary**

Smith, to me known to be the person who signed as a Member of **Baranof Investments, LLC.**, an Alaska limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that **Gary Smith** was duly qualified and acting as said member of said, that **Gary Smith** was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

Eric Harmon
Notary Public for Alaska
Commission expires: 2/14/21

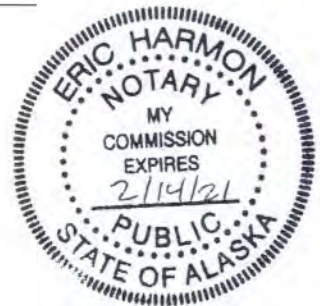


STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 15 day of November, 2017, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Darren Phillips, to me known to be the owner of the Fiberlite, and, the person described in and who executed the above and foregoing instrument; and who acknowledged to me that he executed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Eric Harmon
Notary Public for Alaska
Commission expires: 2/14/21



**COMMERCIAL LEASE
(120 Jarvis Street)**

THIS COMMERCIAL LEASE ("Lease") is entered into between **Baranof Investments, LLC**, an Alaskan limited liability company, referred to as *Landlord*, and Darren Phillips doing business as Fiberflite, herein referred to as *Tenant*, for the Lease of 120 Jarvis Street, Unit C, and in furthermore thereof agree as follows:

1. Definitions

a. Basic Lease Information

In addition to the terms that are defined elsewhere in this Lease, the following terms have the meaning assigned to them in this Section when a term appears as a capitalized term in this Lease. The following terms and provisions are giving the defined meaning in the Lease and are part of the Lease as follows:

- | | | |
|-------|------------------------|--|
| i. | LEASE DATE: | July 1, 2017 |
| ii. | LANDLORD: | Baranof Investments, LLC. |
| iii. | LANDLORD'S ADDRESS: | Baranof Investments, LLC.
PO Box 1874
Sitka, Alaska 99835
Telephone: 907-747-3142 |
| iv. | TENANT: | Darren Phillips dba FiberFlite |
| v. | TENANT'S ADDRESS: | Post Office Box 645
Sitka, AK 99835
Telephone: (209) 608-5500
Email: fiberflite@aol.com |
| vi. | LAND: | Land: legal description APPENDIX A. |
| vii. | BUILDING: | 120 Jarvis Street |
| viii. | PREMISES: | Described on APPENDIX B. |
| ix. | APPROX. PREMISES SIZE: | Building/Main Floor 1,500 sq. ft.
Mezzanine 500 sq. ft. |
| x. | COMMENCEMENT DATE: | July 1 st 2017 |
| xi. | INITIAL TERM: | 12 Months |
| xii. | MINIMUM ANNUAL RENT: | <u>\$24,000.00 + Taxes & Utilities.</u> |



During the Initial Term, from July 1, 2017 to June 30, 2018 the minimum Annual Rent shall be \$24,000.00 per year plus City and Borough of Sitka sales tax. If Tenant exercises its renewal options set forth in Section 27 the annual minimum rent shall adjust as set forth in Section 27.

xiii. **PAID RENT AND SECURITY DEPOSIT:** Tenant will pay \$5,700.00 to Landlord on or before the Commencement Date of this Lease, which payment consists of the following: (a) first month's rent, (b) last month's rent, Taxes of \$200 (\$100 per month) and (c) security deposit of \$1,500.

xiv. **PERMITTED USE:** Tenant shall use the Premises for cultivation and production of marijuana under license issued by the State of Alaska, Department of Commerce, Community, and Economic Development, Alcohol & Marijuana Control Office, and limited to those activities authorized by the controlling statutes and regulations adopted by the State of Alaska related thereto, which activities are herein referred to as the **Permitted Use**. Tenant expressly acknowledges and agrees that the operation of a retail marijuana store within the Premises, or any activities permitted under AS 17.38.020, is not a Permitted Use and shall not be conducted within the Premises. Tenant shall at all times conduct the Permitted Use consistent with state and municipal laws, statutes, regulations and ordinances, as relate to marijuana cultivation, production, growing, processing, packaging and wholesale sale of marijuana product, and all other legal purposes related thereto. A material violation by Tenant of a state or municipal law, statute, regulation or ordinance relating to the cultivation and production of marijuana shall constitute a material breach of this Lease, and as provided in paragraph 24.a.viii, below.

b. **Appendices**

The following addendum and appendices are attached to this Lease and are made part of this Lease:

Appendix A—Legal Description of Land

Appendix B—Building, Premise, Parking Area Diagram

Appendix C—Rules and Regulations

2. **Agreement**

Landlord leases the Premises to Tenant, and Tenant leases the Premises from Landlord, according to this Lease. The duration of this Lease will be the term, commencing on the Commencement Date. The Premises under this Lease shall include the designated Parking Area shown in **Appendix B**.

3. **Term; Delivery of Premises; Tenant Improvements**

a. **Term**

The Lease term shall commence on July 1, 2017 and shall expire on June 30, 2018.

b. **Acceptance**

Tenant acknowledges that neither Landlord nor its agents or employees have made any representations or warranties as to the suitability or fitness of the Premises for the conduct of Tenant's business or for any other purpose, nor has Landlord or its agents or employees agreed to undertake any alterations or construct any Tenant improvements at the Premises.



TENANT ACCEPTS THE PREMISES AS-IS, WHERE-IS AND WITH-ALL-FAULTS, AS OF THE COMMENCEMENT DATE.

c. Tenant Improvements

Tenant may only perform Tenant Improvement work with the prior written consent of Landlord. All Tenant Improvements shall be completed in accordance with applicable laws, codes, regulations and municipal directives and the construction of same shall not create a public or private nuisance. Tenant shall allow no waste to occur on or about the Premises or Property. Prior to commencement of construction of Tenant improvement work, Tenant shall provide Landlord with copies of all design and shop plans, permits and all correspondence from the municipality overseeing construction. Tenant shall allow no liens to attach to the Premises or the Property. Under no circumstance, unless expressly approved and consented to by Landlord in writing, will Tenant penetrate the roof, walls or walls of the Premise for any purpose, including construction of Tenant Improvements. Landlord may require Tenant, at Tenant's cost and expense, to remove Tenant's fixtures, furnishings or equipment from the Premises and to repair any Premises damage associated with renewal, at Tenant's cost and expense, upon expiration or termination of the Lease, or Landlord may require that any or all of said fixtures, furnishings, and equipment be left in the Premises upon Lease termination or expiration, in which case, Landlord shall become the owner of said fixtures, furnishings, and equipment without delivery of any further consideration to Tenant. Any damage caused to the Premises or Property by Tenant's removal of fixtures, furnishings, equipment or other property shall be repaired at Tenant's sole cost and expense.

4. Minimum Annual Rent; Security Deposit

a. Annual Rent

Throughout the Term of this Lease, from and after the Commencement Date, Tenant will pay Annual Rent to Landlord in the amount described in Section 1. Annual Rent is due in twelve (12) equal monthly installments in the amount of \$2,000.00, plus applicable federal, state and City and Borough of Sitka sales tax, current rate: 5%. The monthly installment of rent shall be paid to Landlord on or before the first of each month commencing on July 1, 2017. Annual Rent for any partial first or last month shall be prorated in accordance with the actual number of days in said month. Annual Rent will be paid to Landlord without written notice or demand and without deduction or offset in lawful money of the United States of America at Landlord's notice address, or to such other address as Landlord may from time to time designate in writing.

b. Security Deposit

Tenant shall deliver to Landlord a security deposit in the amount set forth in Section 1 above upon execution of this Lease. Landlord shall hold and may commingle the security deposit. Any interest earned thereon shall belong to Landlord. Landlord may debit the security deposit at any time to pay for any obligations owed, or expenses incurred, because of Tenant's breach or default of this Lease. Thereafter, upon demand, Tenant shall deliver such sums as are required to return the security deposit to the amount set forth in Section 1.

5. Operating Expenses

a. Landlord Responsibilities

Landlord, at Landlord's cost, shall maintain, repair and replace the roof, foundation, exterior walls, ceiling, structural elements of the Building, utility systems, heat pump system, and removal of snow from common areas, unless the repair and replacement thereof is caused, in whole or in part, by the inadvertency, negligence, or misuse of Tenant. In such event, the cost to repair and replace a



damaged element of the Building caused by Tenant shall be the sole obligation and liability of Tenant. The failure or refusal of Tenant to pay for the cost to repair or replace a damaged element of the Building under this provision shall be deemed a material breach of the Lease. Landlord shall be responsible for the installation of signage for the Tenant's Premises, at Tenant's costs, as provided in the Uniform Signage Design Policy, Rules and Regulations, **Appendix C** to this Lease. Tenant shall make a request for signage in writing to Landlord, including what information Tenant wants stated on the face of the sign. Landlord will adopt a uniform design for Tenant signs placed on the Building, and will provide Tenant with a rendering of the proposed sign prior to placement on the Building to assure the information related to Tenant's business is correctly represented on the sign.

b. Tenant Responsibilities

Tenant shall maintain, repair and replace the interior of the Premises in their condition as of the Commencement Date, normal wear and tear excluded. Tenant's maintenance, repair and replacement obligations shall include, without limitation, the interior walls, drop ceiling if any, utility fixtures, electrical, alarm, lighting fixtures, interior and exterior windows, and doors, plumbing and restroom fixtures, and floor coverings at Tenant's sole cost and expense. Tenant shall immediately advise Landlord of any damage to the Premises or the Building. All damage or injury to the Premises, the Building, or the fixtures, appurtenances and equipment in the Premises or the Building that is caused by Tenant, its agents, employees, or invitees may be repaired, restored, or replaced by Landlord, at the expense of Tenant. Such expense (plus fifteen percent (15%) of such expense for Landlord's overhead if Landlord undertakes the repair or replacement) will be collectible as additional rent and will be paid by Tenant within ten (10) days after delivery of a statement for such expense. Tenant, not Landlord, must provide all security devices and security guards that Tenant deems necessary to adequately secure the Premises.

c. Utilities and Taxes

i. Utilities

Tenant shall pay for all utilities serving the Premises including, without limitation, heat, electric, telephone, internet, security systems, cable, water and sewer, garbage and janitorial, and Tenant shall establish electric utility in Tenant's name. If certain utilities are not separately metered to the Premises, Landlord may perform a reasonable estimate and bill Tenant for Tenant's estimated share of those utilities.

ii. Taxes

Tenant shall pay all City and Bureau of Sitka sales tax due on any rent described herein. Tenant shall pay any business property tax. Landlord shall pay real property taxes due on the Property.

6. Insurance

a. Tenant's Liability Insurance

Throughout the entire term of this Lease, including any renewal term, Tenant shall, at its sole expense, maintain in full force and effect a policy or policies of commercial general liability insurance issued by one or more insurance carriers, insuring against liability for bodily injury to or death of persons and loss of or damage to property occurring in or on the Premises, the Building, and the Land. This liability insurance shall be in an amount not less than One Million Dollar (\$1,000,000) combined single limit for bodily and personal injury and property damage.



b. Worker's Compensation Insurance

Tenant shall at all times maintain worker's compensation insurance in compliance with Alaska law.

c. Tenant's Casualty Insurance

Tenant shall during the term, at its sole expense, maintain in full force and effect a standard form policy or policies of property and all-risk coverage with an extended coverage endorsement covering all stock in trade, trade fixtures, equipment, Tenant improvements installed at Tenant's cost and expense and other personal property located in the Premises and/or the Building and used by Tenant in connection with its business to the extent of the full replacement value of the foregoing.

d. Compliance with Regulations

Tenant shall, at its own expense, comply with all requirements, including installation of fire extinguishers, smoke and carbon monoxide detectors, or other fire control systems required to be installed in the Premises by insurance underwriters or any governmental authority having jurisdiction, that are necessary for the maintenance of reasonable fire and extended insurance for the Premises and/or the Building.

e. Release and Waiver of Subrogation

Neither Landlord nor Tenant shall be liable to the other or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or tangible personal property of the other or of any third party occurring in or about the Premises or Building, even though the loss or damage might have been occasioned by the negligence of the other party, its agents or employees, if the loss or damage would fall within the scope of a fire and extended coverage (all risk) policy of insurance actually maintained or required by the terms of this Lease to be maintained by the party suffering the loss. Each party shall obtain from its respective insurer under each insurance policy it maintains a waiver of all rights of subrogation which the insurer of one party may have against the other party, and Landlord and Tenant shall each indemnify the other against any loss or expense, including reasonable attorneys' fees, resulting from the failure to obtain such a waiver.

f. General Requirements

i. All policies of insurance required to be carried under this Lease shall be written by companies licensed to do business in Alaska and which are rated A+ or better in the "Best's Key Rating Guide." Tenant shall furnish to Landlord a certificate evidencing the insurance required to be maintained pursuant to this Section and shall satisfy Landlord that each policy is in full force and effect and that all persons or entities who are required to be named as "Additional Insureds" as set forth in Section 6.f.III below have been added by endorsement to the policies of insurance.

ii. The insurance that Tenant is required to carry under this Lease shall be primary and non-contributing with the insurance carried by Landlord.

iii. Each insurance policy that Tenant is required to maintain under this Lease, during the Tenant improvement period, shall expressly include, severally and not collectively, as additional insured, the Landlord and any person or firm designated by the Landlord and having an insurable interest, hereinafter called "Additional Insured," as their respective interests may appear.

iv. Each insurance policy that Tenant is required to maintain under this Lease shall not be subject to cancellation or reduction in coverage except upon at least thirty (30) days'



prior written notice to Landlord. The policies of insurance or duly executed certificates evidencing them, together with satisfactory evidence of the payment of premiums, shall be deposited with Landlord at least thirty (30) days prior to the commencement date and not less than thirty (30) days prior to the expiration of the term of the coverage.

v. If Tenant fails to procure and maintain insurance as required by this Lease, Landlord may obtain that insurance and keep it in effect. If Landlord procures insurance on Tenant's behalf, then Tenant shall pay to Landlord the premium cost for that insurance, upon demand, and as additional rent.

vi. The limits of any insurance maintained by Tenant shall in no way limit the liability of Tenant under this Lease.

vii. All required insurance shall be in place and effective as of the Commencement Date.

7. Use

The Premises will be used only for the purposes set forth in Section 1 and for no other purpose. Tenant will use the Premises in a careful, safe, and proper manner and in accordance with all applicable statutes, ordinances, regulations or laws. Tenant will not use or permit the Premises to be used or occupied for any purpose or in any manner prohibited by any applicable laws. Tenant will not commit waste or suffer or permit waste to be committed in, on, or about the Premises. Tenant will conduct its business and control its employees, agents, and invitees in such a manner as not to create any nuisance or interfere with, annoy, or disturb any other Tenant or occupant of the Building or Landlord in its operation of the Building.

8. Compliance with Law

At its sole cost and expense, Tenant will promptly comply with all applicable laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or in force after the Lease Date, with any direction or occupancy certificate issued pursuant to any law by any public officer or officers, as well as with the provisions of all recorded documents affecting the Premises, insofar as they relate to the condition, use, or occupancy of the Premises.

9. Assignment and Subletting

a. General

Tenant shall not assign or sublet the Leased Premises, or any part thereof, without the prior written consent of Landlord which consent shall not be unreasonably withheld. Any such attempted assignment or subletting without the prior written consent of Landlord shall be void and of no force or effect and may, at the option of Landlord, be deemed a material default and a basis for termination of this Lease. Consent given on one occasion shall not be construed as, or constitute a waiver of, the requirement of consent as to any subsequent or further assignment or subletting. Should Landlord consent to the assignment or subletting, Tenant shall remain liable and responsible for performance of all the terms, covenants, conditions, and provisions provided for in this Lease, including payment of rent and other charges, herein provided, and the assignee or sublessee, together with its owners if an entity, shall be required to enter an agreement to be bound by and perform all of the terms and conditions of this Lease. In the event Landlord is called upon to consider the assignment or subletting of all or any portion of the Premises, Tenant shall pay to Landlord, any costs incurred by Landlord in considering and consenting to the assignment or subletting of any rights of Tenant under this Lease, including actual attorneys fees incurred by



Landlord related thereto. Any consent by Landlord to an assignment or subletting shall not in any manner be construed to release Tenant or any assignee or sublessee from obtaining the consent in writing of Landlord to any subsequent transfer, nor shall the same release or discharge Tenant from any liability, past, present or future, under this Lease. For purposes of this Lease, the term "assign," "assignment" or "sublet" shall mean: (a) any transfer by Tenant of any portion of the Tenant's rights, interest, and obligations under this Lease or the Leased Premises, whether voluntary, involuntary, by operation of law, or otherwise; (b) occupancy of the Leased Premises by any person or entity other than Tenant, which includes but is not limited to, space sharing arrangements, licenses of space, and permitted subtenants from assigning their sub-sublease; (c) sale, transfer, assignment, conveyance, endorsement or other disposition of any portion of the (i) of the membership interest if Tenant is a limited liability company, (ii) a partnership interest if Tenant is a limited or general partnership, or, (iii) capital stock if Tenant is a corporation.

b. Information Re Landlord to Consider Assign or Sublet

If Tenant requests Landlord's consent to a specific assignment or subletting, Tenant will submit in writing to Landlord (a) the name and address of the proposed assignee or subtenant; (b) the business terms of the proposed assignment or sublease; (c) reasonably satisfactory information as to the nature and character of the business of the proposed assignee or subtenant, and as to the nature of its proposed use of the space; (d) banking, financial, or other credit information reasonably sufficient to enable Landlord to determine the financial responsibility and character of the proposed assignee or subtenant; and (e) the proposed form of assignment or sublease.

c. Payments to Landlord

If Landlord consents to a proposed assignment or sublease, then Landlord will have the right to require Tenant to pay to Landlord one hundred percent (100%) of a sum equal to (a) any rent or other consideration paid to Tenant by any proposed transferee that (after deducting the costs of Tenant, if any, in effecting the assignment or sublease, including reasonable alteration costs, commissions and legal fees) is in excess of the rent allocable to the transferred space then being paid by Tenant to Landlord pursuant to this Lease; (b) any other profit or gain (after deducting any necessary expenses incurred) realized by Tenant from any such sublease or assignment; and (c) Landlord's reasonable attorneys' fees and costs incurred in connection with negotiation, review and processing of the transfer. All such sums payable will be payable to Landlord at the time the next payment of Annual Rent is due.

10. Rules and Regulations

Tenant and its employees, agents, licensees, and invitees will always observe and comply with the rules and regulations set forth in **APPENDIX C**. Landlord may from time to time reasonably amend, delete, or modify existing rules and regulations, or adopt reasonable new rules and regulations for the use, safety, cleanliness and care of the Premises and the Building and the comfort, quiet and convenience of occupants of the Building. Modifications or additions to the rules and regulations will be effective upon ten (10) days' prior written notice to Tenant from Landlord. In the event of any breach of any rules or regulations or any amendments or additions to such rules and regulations, Landlord will have all remedies that this Lease provides for default by Tenant, and will, in addition, have any remedies available at law or in equity, including the right to enjoin any breach of such rules and regulations. Landlord will not be liable to Tenant for violation of such rules and regulations by any other Tenant, its employees, agents, invitees, or licensees or any other person. In the event of any conflict between the provisions of this Lease and the rules and regulations, the provisions of this Lease will govern.



11. Holding Over

Tenant will have no right to remain in possession of all or any part of the Premises after the expiration of the term (as extended by the Renewal Term if properly exercised). If Tenant remains in possession of all or any part of the Premises after the expiration of the term with the express or implied consent of Landlord: (a) such tenancy will be deemed to be a periodic tenancy from month-to-month only; (b) such tenancy will not constitute a renewal or extension of this Lease for any further term; and (c) such tenancy may be terminated by Landlord upon the earlier of thirty (30) days' prior written notice or the earliest date permitted by law. In such event, Annual Rent will be increased to an amount equal to one hundred fifty percent (150%) of the Annual Rent payable during the last month of the term, and any other sums due under this Lease will be payable in the amount and at the times specified in this Lease. Such month-to-month tenancy will be subject to every other term, condition, and covenant contained in this Lease.

12. Signs

Subject to the Rules and Regulations, Tenant may have at least one exterior sign identifying the business occupying the Premises. Any existing signage allowed under the prior tenancy will not be allowed to be installed unless it meets the CBS sign regulations. Exterior signage will be installed by Landlord at Tenant's cost and expense and shall conform to Landlord's Uniform Signage Design Policy, as set forth in the attached Rules and Regulations, **Appendix C**. Tenant at Tenant's cost and expense shall install interior signage. Exterior and interior window graphics shall fall under the same rules and criteria as Tenant's primary exterior signage and must be approved in advance before being attached to the exterior windows or doors. Landlord reserves the right to determine whether proposed window graphics can be installed on the exterior or the interior or denied altogether. No temporary signs, paper or plastic signs, banners or sandwich boards shall be permitted. Landlord may unilaterally remove and dispose of any signage installed by Tenant or Tenant's agents in, on or about the Premises, Building or Property without the prior written consent of Landlord. Upon termination of this Lease, Landlord shall have the exterior signage removed and any restoration to the exterior of the Building repaired. The costs for all expenses associated with exterior signage removal and associated Building restoration shall be deducted from the security deposit held by Landlord, or paid by Tenant with ten (10) days of receipt of a statement stating therein the costs incurred by Landlord to remove the sign.

13. Alterations

a. General

i. During the term, Tenant will not make or allow to be made any alterations, additions, or improvements to or of the Premises or any part of the Premises, or attach any fixtures or equipment to the Premises, without first obtaining Landlord's written consent, which consent shall not be unreasonably withheld. All alterations, additions, and improvements consented to by Landlord, and capital improvements that are required to be made to the Building as a result of the nature of Tenant's use of the Premises:

a. Tenant will be allowed to build or hire someone to build rooms associated with the grow facility within the leased area if all work meets local city of Sitka building codes. Anything attached to or altering the existing structure will need approval by the landlord.

b. All such alterations, additions or improvements shall be made in a good and workmanlike manner and shall comply with all applicable laws, codes, ordinances, rules and regulations.



ii. Upon expiration or sooner termination of the term, Tenant shall, at Tenant's cost and expense, with all due diligence, remove any alterations, additions or improvements made by Tenant and designated by Landlord to be removed.

b. **Removal.** Landlord requires Tenant to remove any or all alterations, additions, fixtures and improvements that are made in or upon the Premises. Tenant will remove such alterations, additions, fixtures and improvements at Tenant's sole cost and will restore the Premises to the condition in which they were before such alterations, additions, fixtures, improvements, and additions were made, reasonable wear and tear excepted.

14. Protection from Liens

Tenant will pay or cause to be paid all costs and charges for work (a) done by Tenant or caused to be done by Tenant, in or to the Premises, and (b) for all materials furnished for or in connection with such work. Tenant shall protect against the filing of any mechanics or materialman liens, and shall indemnify Landlord against and hold Landlord, the Premises and the Building free, clear and harmless of and from all mechanics or materialman liens and claims of liens, and all other liabilities, liens, claims and demands on account of such work by or on behalf of Tenant. In addition to the protections stated above, Tenant shall protect Landlord against all other forms of lien described in AS 34.35.010 et seq. Landlord reserves the right to post notices of non-responsibility for any claims of lien pertaining to labor performed, materials or services provided to Tenant by others.

15. End of Term

At the end of this Lease, Tenant will promptly quit and surrender the Premises broom-clean, in good order and repair, ordinary wear and tear excepted. Tenant shall, as applicable, clean all carpets by a licensed service, and remove such alterations, additions, improvements, trade fixtures, equipment and furniture as Landlord has requested that Tenant remove in accordance with the terms of this Lease. Tenant will fully repair any damage occasioned by the removal of any trade fixtures, equipment, furniture, alterations, additions, and improvements. All trade fixtures, equipment, furniture, inventory, effects, alterations, additions, and improvements on the Premises after the end of the term will be deemed conclusively to have been abandoned and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Landlord without written notice to Tenant or any other person and without obligation to account for them. Tenant will pay Landlord for all expenses incurred in connection with the removal of such property, including, but not limited to, the cost of repairing any damage to the Building or Premises caused by the removal of such property. Tenant's obligation to observe and perform this covenant will survive the expiration or other termination of this Lease.

16. Eminent Domain

If all or any portion of the Premises are taken by exercise of the power of eminent domain (or conveyed by Landlord in lieu of such exercise) this Lease will terminate on a date (the "Taking Date") which is the earlier of the date upon which the condemning authority takes possession of the Premises or the date on which title to the Premises is vested in the condemning authority. In the event of any such taking, the entire award will be paid to Landlord and Tenant will have no right or claim to any part of such award; however, Tenant will have the right to assert a claim against the condemning authority in a separate action, so long as Landlord's award is not otherwise reduced, for Tenant's moving expenses and leasehold improvements owned by Tenant.

17. Damage and Destruction

a. If the Premises or the Building are damaged by insured casualty, Landlord will give Tenant written notice of the time which will be needed to repair such damage as determined by



Landlord in its reasonable discretion, and the election (if any) which Landlord has made per this Section 18. Such notice will be given before the thirtieth (30th) day (the "Notice Date") after the fire or other insured casualty.

b. If the Premises or the Building are damaged by insured casualty to an extent which may be repaired within 180 days after the Notice Date, as reasonably determined by Landlord, Landlord will promptly begin to repair the damage after the Notice Date and will diligently pursue the completion of such repair. In that event, this Lease will continue in full force and effect except that Annual Rent will be abated on a pro-rata basis from the date of the damage until the date of the completion of such repairs (the "Repair Period") based on the proportion of the rentable area of the Premises Tenant is unable to use during the Repair Period.

c. If the Premises or the Building are damaged by fire or other insured casualty to an extent that may not be repaired within 180 days after the Notice Date, as reasonably determined by Landlord, then (1) Landlord may cancel this Lease as of the date of such damage by written notice given to Tenant on or before the Notice Date or (2) Tenant may cancel this Lease as of the date of such damage by written notice given to Landlord within ten (10) days after Landlord's delivery of a written notice that the repairs cannot be made within such 120-day period. If neither Landlord nor Tenant so elects to cancel this Lease, Landlord will diligently proceed to repair the Building and Premises and Annual Rent will be abated on a pro rata basis during the Repair Period based on the proportion of the rentable area of the Premises Tenant is unable to use during the Repair Period.

d. Notwithstanding the provisions of subparagraphs a., b., and c. above, if the Premises or the Building are damaged by uninsured casualty, or if the proceeds of insurance are insufficient to pay for the repair of any damage to the Premises or the Building, Landlord will have the option in its sole discretion to repair such damage or cancel this Lease as of the date of such casualty by written notice to Tenant on or before the Notice Date.

e. If any such damage by fire or other casualty is the result of the willful conduct or negligence or failure to act of Tenant, its agents, contractors, employees, or invitees, there will be no abatement of Annual Rent as otherwise provided for in this Section 17. Tenant will have no rights to terminate this Lease on account of any damage to the Premises, the Building, or the Land, except as expressly set forth in this Section 17.

18. Subordination

By this provision, this Lease shall be subject and subordinate to the lien of any mortgage, deed of trust or other encumbering instrument now or hereafter placed on the Land or the Building. Tenant shall execute any additional subordination agreement reasonably required by a mortgagee or beneficiary of a mortgage or deed of trust within five (5) business days of the request.

19. Entry by Landlord

Landlord, its agents, employees, and contractors may enter the Premises at any time in response to an emergency and at reasonable hours to:

- a. Inspect the Premises;
- b. Exhibit the Premises to prospective purchasers, lenders, or tenants;
- c. Determine whether Tenant is complying with all its obligations in this Lease;
- d. Post written notices of non-responsibility or similar notices; or



e. Make repairs required of Landlord under the terms of this Lease or make repairs to any adjoining space or utility services or make repairs, alterations, or improvements to any other portion of the Building; however, all such work will be done as promptly as reasonably possible and so as to cause as little interference to Tenant as reasonably possible.

Except in the case of emergencies or suspicion of unlawful activity, or in cases where Tenant has otherwise authorized Landlord's entry, Landlord shall use its best efforts to provide Tenant with notice of its need to enter onto the non-public portions of the Premises not less than twenty-four (24) hours in advance of any such entry.

Tenant, by this Section 19, waives any claim against Landlord, its agents, employees, or contractors for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, or any other loss occasioned by any entry in accordance with this Section 19. Landlord will always have and retain a key or key card with which to unlock all of the doors in, on, or about the Premises. Landlord will have the right to use all means Landlord may deem proper to open doors in and to the Premises in an emergency in order to obtain entry to the Premises, provided, that Landlord will promptly repair any damages caused by any forced entry. Any entry to the Premises by Landlord in accordance with this Section 19 will not be construed or deemed to be a forcible or unlawful entry into or a detainer of the Premises or an eviction, actual or constructive, of Tenant from the Premises or any portion of the Premises, nor will any such entry entitle Tenant to damages or an abatement of rent.

20. Indemnification, Waiver and Release

a. Indemnification

Except for any injury or damage to persons or property on the Premises proximately caused solely by the gross negligence or deliberate, intentional, unlawful act of Landlord, its employees, or agents, and subject to the waiver-of-subrogation provisions herein, Tenant will neither hold, nor attempt to hold, Landlord, its employees, or agents liable for, and Tenant will indemnify defend and hold harmless Landlord, its employees and agents from and against any and all demands, claims, causes of action, fines, penalties, damages (including consequential damages), liabilities, judgments and expenses (including, without limitation, reasonable attorneys' fees) incurred in connection with or related to this Lease, or an act or omission of Tenant or Tenant's officers, employees, agents, invitees and guests in, about or in relation to the Premises, Building or Property. If any action is brought against Landlord, its employees, or agents because of any such claim for which Tenant has indemnified Landlord, Tenant, upon written notice from Landlord, will defend the same at Tenant's expense, with counsel approved by Landlord. This Section shall survive the expiration or earlier termination of this Lease.

b. Waiver and Release

Tenant, as a material part of the consideration to Landlord for this Lease, by this Section 20.b, waives, and releases all claims against Landlord, its employees, and agents with respect to all matters for which Landlord has disclaimed liability pursuant to the provisions of this Lease. This Section shall survive the expiration or earlier termination of this Lease.

21. Environmental Provisions

a. "Environmental Laws" means all state, federal and local statutes, regulations and ordinances relating to the protection of human health and the environment.



b. "Hazardous Material" means any hazardous or toxic substance, material or waste, including, but not limited to, those substances, materials and wastes listed in the United States Department of Transportation of Hazardous Materials Table (49 C.F.R. 172.101) or by the United States Environmental Protection Agency as hazardous substances (40 C.F.R. Part 302 and amendments thereto), petroleum products and their derivatives and such other substances, materials and wastes as become regulated or subject to cleanup authority under any Environmental Laws.

c. Landlord agrees to defend (with counsel reasonably approved by Tenant), fully indemnify and hold entirely free and harmless Tenant from and against all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term and which are imposed on, paid by, or asserted against Tenant by reason or on account of, or in connection with, or arising out of the presence or suspected presence of Hazardous Material in the structures, soil, ground water, or soil vapor on or about the Building or Premises, or the migration of Hazardous Material off of or onto the Land, or the violation by Landlord of any Environmental Law, except to the extent that the Hazardous Material is present or the violation occurred as a result of Tenant's activities in the Building.

d. Tenant agrees to defend (with counsel reasonably approved by Landlord), fully indemnify and hold entirely free and harmless Landlord from and against all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term and which are imposed on, paid by or asserted against Landlord by reason or on account of, or in connection with, or arising out of the presence or suspected presence of Hazardous Material in the structures, soil, ground water, or soil vapor on or about the Building or Premises or the violation by Tenant of any Environmental Law, to the extent that the Hazardous Material is present or the violation occurred as a result of Tenant's activities in the Building or Premises.

e. This Section shall survive the expiration or earlier termination of this Lease

22. Quiet Enjoyment

Landlord covenants and agrees with Tenant that so long as Tenant pays the rent and observes and performs all the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed, Tenant may peaceably and quietly enjoy the Premises, subject to the terms and conditions of this Lease, and Tenant's possession will not be disturbed by anyone claiming by, through, or under Landlord.

23. Effect of Sale

A sale, conveyance, or assignment of the Building will operate to release Landlord from liability under this Lease, from and after the effective date of such sale, conveyance, or assignment, except for liabilities that arose prior to such effective date. This Lease will not be affected by any such sale, conveyance, or assignment, and Tenant will attorn to Landlord's successor in interest to this Lease, so long as such successor in interest assumes Landlord's obligations under this Lease from and after such effective date.

24. Default

a. Events of Default

The following events are referred to, collectively, as "events of default" or, individually, as an "event of default":



i. Tenant defaults in the due and punctual payment of rent, or such other cost or expense Tenant is required to pay under the terms of this Lease, and such default continues for ten (10) business days after written notice from Landlord. Tenant will not be entitled to more than one (1) written notice of monetary defaults during the term, and if after such written notice any rent is not paid when due, an event of default will be considered to have occurred without further notice;

ii. This Lease or the Premises or any part of the Premises are taken upon execution or by other process of law directed against Tenant, or are taken upon or subject to any attachment by any creditor of Tenant or claimant against Tenant, and said attachment is not discharged or disposed of within ten (10) business days after its levy;

iii. Tenant files a petition in bankruptcy or insolvency or for reorganization or arrangement under the bankruptcy laws of the United States or under any insolvency act of any state, or admits the material allegations of any such petition by answer or otherwise, or is dissolved or makes an assignment for the benefit of creditors;

iv. Involuntary proceedings under any such bankruptcy law or insolvency act or for the dissolution of Tenant are instituted against Tenant, or a receiver or trustee is appointed for all or substantially all of the property of Tenant, and such proceeding is not dismissed or such receivership or trusteeship vacated within sixty (60) days after such institution or appointment;

v. Tenant assigns or subleases the Premises without the prior written consent of Landlord;

vi. Tenant defaults under any of the other agreements, terms, covenants, or conditions of this Lease, and such default continues for a period of thirty (30) days after written notice from Landlord to Tenant (or, if such default is not susceptible of cure within such thirty (30) day period, if Tenant fails to diligently commence to cure such default within thirty (30) days after written notice from Landlord and to complete such cure within a reasonable time, not to exceed ninety (90) days thereafter);

vii. Tenant defaults under any other agreement with Landlord, in which event no cure periods beyond those contained in the Agreement pursuant to which Tenant has defaulted shall be available to Tenant, and,

viii. Tenant materially violates a state or municipal marijuana law, statute, regulation or ordinance.

b. Landlord's Remedies

If any one or more events of default set forth in Section 24.a. occurs, then Landlord shall have all available rights and remedies at law or in equity, all of which shall be deemed cumulative, including, without limitation, the right:

i. To give Tenant written notice of Landlord's intention to terminate this Lease on the earliest date permitted by law or on any later date specified in such notice, in which case, Tenant's right to possession of the Premises will cease and this Lease will be terminated, except as to Tenant's liability, as if the term expired on the date fixed in such notice;

ii. Without further demand or notice, to reenter and take possession of the Premises or any part of the Premises, repossess the same, expel Tenant and those claiming through or under Tenant, and remove the effects of both or either, using such force for such purposes as may be necessary, without being liable for prosecution, without being deemed to be a trespasser.

of trespass, and without prejudice to any remedies for arrears of Annual Rent or other amounts payable under this Lease or as a result of any preceding breach of covenants or conditions.

iii. Without further demand or notice to cure any event of default and to charge Tenant for the cost of effecting such cure, including, without limitation, reasonable attorneys' fees and interest on the amount so advanced at the rate set forth in Section 29.p, provided, that Landlord will have no obligation to cure any such event of default of Tenant; or

iv. To accelerate all amounts due pursuant to this Lease and to declare all of the said amounts immediately due and payable, and to collect said amounts to the greatest extent allowed by law.

Should Landlord elect to reenter as provided in subsection ii, or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided by law, Landlord may from time to time without terminating this Lease relet the Premises or any part of the Premises in Landlord's or Tenant's name, but for the account of Tenant, for such term or terms (which may be greater or less than the period which would otherwise have constituted the balance of the term) and on such conditions and upon such other terms (which may include concessions of free rent and alteration and repair of the Premises) as Landlord, in its reasonable discretion, may determine, and Landlord may collect and receive rent. Landlord will in no way be responsible or liable for any failure to relet the Premises or any part of the Premises, or for any failure to collect any rent due upon such reletting. No such re-entry or taking possession of the Premises by Landlord will be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant. No written notice from Landlord under this Section or under a forcible or unlawful entry and detainer statute or similar law will constitute an election by Landlord to terminate this Lease unless such notice specifically so states. Landlord reserves the right following any such reentry or reletting to exercise its right to terminate this Lease by giving Tenant such written notice, in which event this Lease will terminate as specified in such notice.

c. Certain Damages

In the event that Landlord does not elect to terminate this Lease as permitted in Section 24.b.i, but on the contrary elects to take possession as provided in Section 24.b.ii, Tenant will pay to Landlord Rent and other sums as provided in this Lease that would be payable under this Lease if such repossession had not occurred, less the net proceeds, if any, of any reletting of the Premises after deducting all of Landlord's reasonable expenses in connection with such reletting, including, without limitation, all repossession costs, brokerage commissions, attorneys' fees, expenses of employees, alteration and repair costs, and expenses of preparation for such reletting. If, in connection with any reletting, the new lease term extends beyond the term, or the premises covered by such new Lease include other premises not part of the Premises, a fair apportionment of the rent received from such reletting and the expenses incurred in connection with such reletting as provided in this Section will be made in determining the net proceeds from such reletting, and any rent concessions will be equally apportioned over the term of the new Lease. Tenant will pay such rent and other sums to Landlord monthly on the day on which the Annual Rent would have been payable under this Lease if possession had not been retaken, and Landlord will be entitled to receive such rent and other sums from Tenant on each such day.

d. Continuing Liability After Termination

If this Lease is terminated on account of the occurrence of an event of default, Tenant will remain liable to Landlord for damages in an amount equal to Annual Rent and other amounts that would have been owing by Tenant for the balance of the term, had this Lease not been terminated, less the net proceeds, if any, of any reletting of the Premises by Landlord subsequent to such termination.



deducting all of Landlord's expenses in connection with such reletting, including, without limitation, the expenses enumerated in Section 24.c. Landlord will be entitled to collect such damages from Tenant monthly on the day on which Annual Rent and other amounts would have been payable under this Lease if this Lease had not been terminated, and Landlord will be entitled to receive such Annual Rent and other amounts from Tenant on each such day. Alternatively, at the option of Landlord, in the event this Lease is so terminated, Landlord will be entitled to recover against Tenant as damages for loss of the bargain and not as a penalty;

i. The worth at the time of award of the unpaid rent that had been earned at the time of termination;

ii. The worth at the time of award of the amount by which the unpaid rent that would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

iii. The worth at the time of award of the amount by which the unpaid rent for the balance of the term of this Lease (had the same not been so terminated by Landlord) after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; and

iv. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

The "worth at the time of award" of the amounts referred to in clauses i. and ii. above is computed by adding interest at the per annum interest rate described in Section 29.p. on the date on which this Lease is terminated from the date of termination until the time of the award. The "worth at the time of award" of the amount referred to in clause iii. above is computed by discounting such amount at the prime rate of the Federal Reserve Bank of San Francisco, California, at the time of award plus one percent (1%).

e. Cumulative Remedies

Any suit or suits for the recovery of the amounts and damages set forth in Sections 24.c. and 24.d. may be brought by Landlord, from time to time, at Landlord's election, and nothing in this Lease will be deemed to require Landlord to await the date upon which this Lease or the term would have expired had there occurred no event of default. Each right and remedy provided for in this Lease is cumulative and is in addition to every other right or remedy provided for in this Lease or now or after the Lease Date existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by Landlord of any one or more of the rights or remedies will not preclude the simultaneous or later exercise by Landlord of any or all other rights or remedies. All costs incurred by Landlord in collecting any amounts and damages owing by Tenant pursuant to the provisions of this Lease or to enforce any provision of this Lease, including reasonable attorneys' fees from the date any such matter is turned over to an attorney, whether one or more actions are commenced by Landlord, will also be recoverable by Landlord from Tenant.

f. Waiver of Redemption

Tenant waives any right of redemption arising because of Landlord's exercise of its remedies under this Section 24.



g. **Survival**

All obligations of Tenant hereunder shall survive the expiration or earlier termination of this Lease

h. **Landlord Default.** Landlord shall not be in default of this Lease unless and until Landlord fails to cure a Landlord Default within a reasonable time after delivery of written notice from Tenant sent to Landlord and to any Mortgagees of record. For purposes of this Section 24.h only, a reasonable time shall not be less than forty-five (45) days but may be longer depending on the circumstances.

25. **Parking**

Tenant parking and use of the outdoor space for production of Tenants product is shown in Appendix B. Tenant parking shall be regulated and enforced pursuant to the Rules and Regulations, Appendix C to this Lease.

26. **Security Agreement.**

To secure for Landlord the performance by Tenant of the terms, conditions, covenants, and obligations of this Lease, Landlord shall have a security interest, pursuant to Alaska Statute § 45.29.010 et seq. in Tenant's leasehold improvements, furniture, fixtures, and equipment situated within the Premises from and after the effective date of this Lease. The Parties agree that this provision shall constitute a "security agreement" and Landlord shall be entitled to execute all necessary financing statements and record the same with the State of Alaska, Department of Natural Resources, Uniform Commercial Code Central File, and such other recording district as Landlord may elect.

27. **Term and Renewal Options**

a. **General**

The Initial Term of this Lease is as set forth in Section 1 beginning on the commencement date. Provided there does not exist an event of default (as defined in Section 24.a), either on the date that Tenant exercises an option to renew or on the date that a renewal term commences, and provided further that Tenant has not cured more than two (2) defaults previously during the term, the undersigned Tenant shall have two (2) options to renew the term of this Lease, each for a period of one (1) year (the "Renewal Term"), such renewal to be upon the covenants, terms and conditions as set forth in this Lease. Tenant shall deliver to Landlord not less than 120 prior to the expiration of the current Term or Renewal Term, whichever the case, written notice that Tenant does not accept the renewal of the Term. Failure by Tenant to timely delivery such written notice to Landlord shall cause the Term to automatically renew, for which Tenant shall thereafter be responsible for the terms, conditions and rent of the Renewal Term. In such event, there shall be no need for any documentation evidencing the renewal of the Lease Term, as the parties agree that the terms and conditions set forth herein shall continue and apply to each Renewal Term, except for the amount of rent to be paid as set for in subparts i. and ii., below. Rent for a renewal term of the Lease shall be paid in the following amounts each month throughout the renewal term, together with such additional costs provided herein, including but not limited to the City and Borough of Sitka sales tax:

- | | | |
|-----|---------------------|-------------------|
| i. | First Renewal Term | \$2,050.00 /month |
| ii. | Second Renewal Term | \$2,100.00 /month |



28. Miscellaneous

a. No Offer

This Lease is submitted to Tenant with the understanding that it will not be considered an offer and will not bind Landlord in any way until Tenant has duly executed and delivered duplicate originals to Landlord and Landlord has executed and delivered one of such originals to Tenant.

b. No Construction Against Either Party

Landlord and Tenant acknowledge that each of them and their counsel have reviewed and negotiated this Lease and that this Lease will not be construed for or against either Landlord or Tenant.

c. Time of the Essence

Time is of the essence with respect to each provision of this Lease.

d. Recordation

Tenant may record a reasonable memorandum or short form of this Lease that has been executed by both Landlord and Tenant.

e. No Waiver

The waiver by Landlord of any agreement, condition, or provision contained in this Lease will not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition, or provision contained in this Lease, nor will any custom or practice between the parties in the administration of the terms of this Lease be construed to waive or to lessen the right of Landlord to insist upon the performance by Tenant in strict accordance with the terms of this Lease. The subsequent acceptance of rent by Landlord will not be deemed to be a waiver of any preceding breach by Tenant of any agreement, condition, or provision of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

f. Limitation on Recourse

No liability shall attach in favor of Tenant against any officer, director, shareholder, member, agent or employee of Landlord, and Tenant shall look solely to the interest of Landlord in the Building and Property for the satisfaction of Landlord's duties, obligations and liabilities arising under or in connection with this Lease.

g. Estoppel Certificates

At any time and from time to time but within ten (10) business days after prior written request by Landlord, Tenant shall execute, acknowledge and deliver to Landlord a certificate certifying (a) that this Lease is unmodified and in full force and effect or, if there have been modifications, that this Lease is in full force and effect, as modified, and stating the date and nature of each modification; (b) the date, if any, to which rent and other sums payable under this Lease have been paid; (c) that no written notice of any default has been delivered to Landlord which default has not been cured, except as to defaults specified in said certificate; (d) that there is no event of default under this Lease or an event which, with notice or the passage of time, or both, would result in an event of default under this Lease, except for defaults specified in said certificate; and (e) such other matters as may be reasonably requested by Landlord. Any such certificate may be relied upon by any prospective purchaser or lessee of



prospective mortgagee or beneficiary under any mortgage or deed of trust of the Building or the Land. Tenant's failure to deliver such a certificate within such time will be deemed to mean that the Lease is in full force and effect, there is no defaults and rent is not paid more than one (1) month in advance.

h. Waiver of Jury Trial

Landlord and Tenant waive trial by jury in any action, proceeding, or counterclaim brought by either of the parties to this Lease against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or any other claims. Should a civil action be brought by either party against the other, it shall be brought in the state court at Sitka, Alaska before the court having subject matter jurisdiction of the dispute.

i. No Merger

The voluntary or other surrender of this Lease by Tenant or the cancellation of this Lease by agreement of Tenant and Landlord or the termination of this Lease on account of Tenant's default will not work a merger, and will, at Landlord's option, (a) terminate all or any subleases and sub-tenancies or (b) operate as an assignment to Landlord of all or any subleases or sub-tenancies. Landlord's option under this Section 28.i will be exercised by written notice to Tenant and all known sub-lessees or subtenants in the Premises or any part of the Premises.

j. Notices

Any notice, request, demand, consent, approval, or other communication required or permitted under this Lease must be in writing and will be deemed to have been given when personally delivered, deposited with any nationally recognized overnight carrier that routinely issues receipts, or deposited in any depository regularly maintained by the United States Postal Service, postage prepaid, certified mail, return receipt requested, addressed to the party for whom it is intended at its address set forth in Section 1. Either Landlord or Tenant may add additional addresses or change its address for purposes of receipt of any such communication by giving ten (10) days' prior written notice of such change to the other party in the manner prescribed in this Section.

k. Severability

If any provision of this Lease proves to be illegal, invalid, or unenforceable, the remainder of this Lease will not be affected by such finding, and in lieu of each provision of this Lease that is illegal, invalid, or unenforceable, a provision will be added as a part of this Lease as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

l. Written Amendment Required

No amendment, alteration, modification of, or addition to this Lease will be valid or binding unless in writing and signed by Landlord and Tenant. Tenant agrees to make any modifications to the terms and provisions of this Lease required or requested by any lending institution providing financing for the Building, if no such modifications will materially adversely affect Tenant's rights and obligations under this Lease.

m. Captions

The captions of the various sections of this Lease are for convenience only and do not necessarily define, limit, describe, or construe the contents of such sections.



n. Authority

Tenant and the party executing this Lease on behalf of Tenant represent to Landlord that such party is authorized to do so by requisite action of the board of directors or partners, as the case may be, and agree upon request to deliver to Landlord a resolution or similar document to that effect.

o. Governing Law

This Lease will be governed by and construed pursuant to the laws of the State of Alaska.

p. Late Payments

Any payment of rent that is not paid within five (5) days of its due date is subject to a late charge of five percent (5%) of the amount due, and shall accrue interest at the rate of ten and one-half percent (10.5%) per annum or the highest interest rate allowed by law, whichever is greater, from the date on which it was due until the date on which it is paid in full with accrued interest.

q. Fees

Whenever Tenant requests Landlord to take any action or give any consent required or permitted under this Lease, Tenant will reimburse Landlord for all of Landlord's reasonable costs incurred in reviewing the proposed action or consent, including, without limitation, reasonable attorneys', engineers' or architects' fees, within ten (10) days after Landlord's delivery to Tenant of a statement of such costs. Tenant will be obligated to make such reimbursement without regard to whether Landlord consents to any such proposed action. Tenant shall also reimburse Landlord for any attorney fees incurred in preparing and prosecuting demands associated with Tenant's breaches or defaults of this Lease. The substantially prevailing party in any litigation, appeal or bankruptcy proceeding shall be entitled to reimbursement of all reasonable attorney fees and litigation expenses.

r. Binding Effect

The covenants, conditions, and agreements contained in this Lease will bind and inure to the benefit of Landlord and Tenant and, except as otherwise provided in this Lease, their respective successors, and assigns.

s. Confidentiality

Tenant agrees not to disclose the terms and conditions of this Lease to any third party without the prior written consent of Landlord.

t. Entire Agreement

This Lease, the exhibits, and addenda, if any, contain the entire agreement between Landlord and Tenant. Tenant shall not rely upon any previous representation, warranty, covenant or promise which is not incorporated into this Lease. No promises or representations, except as contained in this Lease, have been made to Tenant respecting the condition or the manner of operating the Premises or the Building. This Lease represents the complete understanding of Landlord and Tenant as of the date hereof.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first above written.





Landlord:
BARANOF INVESTMENTS, LLC.

By: Gary R. Smith
Gary Smith, Member

*57000
PAID IN FULL
Gary Smith
Baranof Investments, LLC*

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

On this 29 day of June, 2017, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Gary Smith**, to me known to be the person who signed as a Member of **Baranof Investments, LLC.**, an Alaska limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein mentioned, and on oath stated that **Gary Smith** was duly elected, qualified and acting as said member of said, that **Gary Smith** was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year first above written.

Eric Harmon

Notary Public for Alaska
Commission expires: 2/14/21



Tenant:

By: Darren Phillips
Darren Phillips

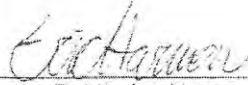
STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this 29 day of June, 2017, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Darren Phillips, to me known to be the owner of the Fiberlite, and, the person described in



and who executed the above and foregoing instrument; and who acknowledged to me that he executed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.



Notary Public for Alaska

Commission expires: 2/14/21



APPENDIX A
LAND LEGAL DESCRIPTION

Lot 2A of the Sitka Projects Subdivision, Lot 1 and Lot 2 Lot Line Adjustment
Plat according to Plat No. 99-9, records of the Sitka Recording District, First
Judicial District, State of Alaska.



WAREHOUSE

•

cos. 11/10/00
conf. 11/10/00



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 4. *Results*
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Conclusions

$$\begin{aligned} \mathbb{E}[\mathcal{L}_t] &= \mathbb{E}[\mathcal{L}_t^{\text{train}} + \mathcal{L}_t^{\text{test}}] \\ &= \mathbb{E}[\mathcal{L}_t^{\text{train}}] + \mathbb{E}[\mathcal{L}_t^{\text{test}}] \end{aligned}$$

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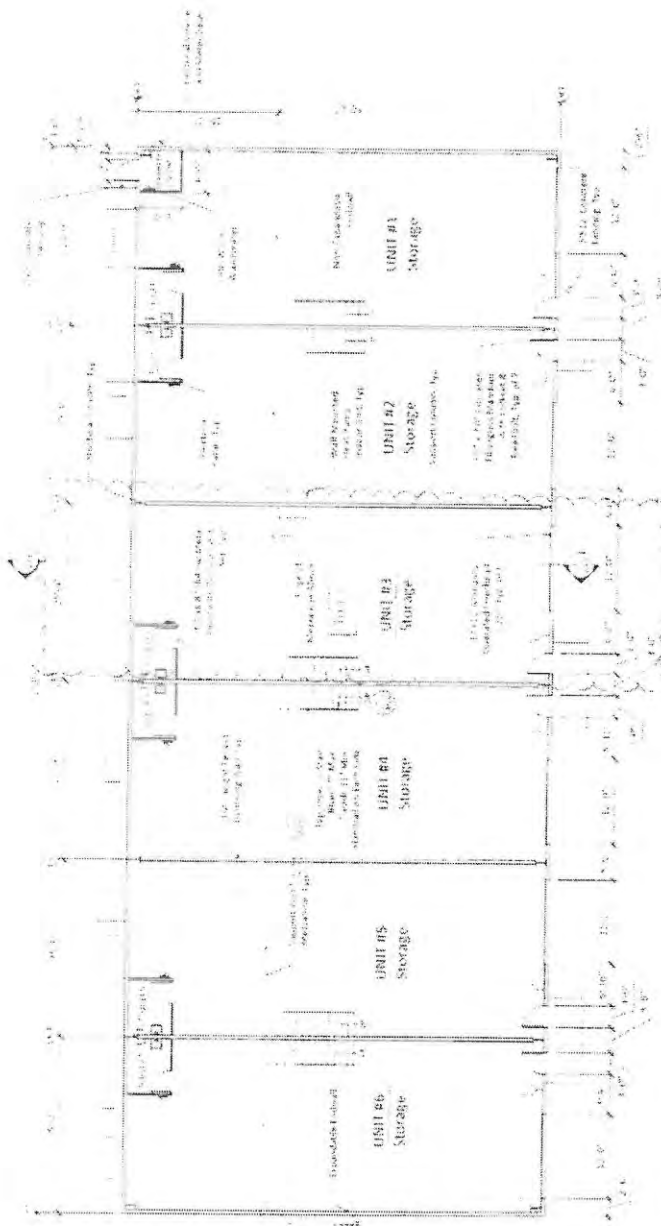
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ALCOHOL MARIJUANA CONTROL OFFICE
STATE OF ALASKA

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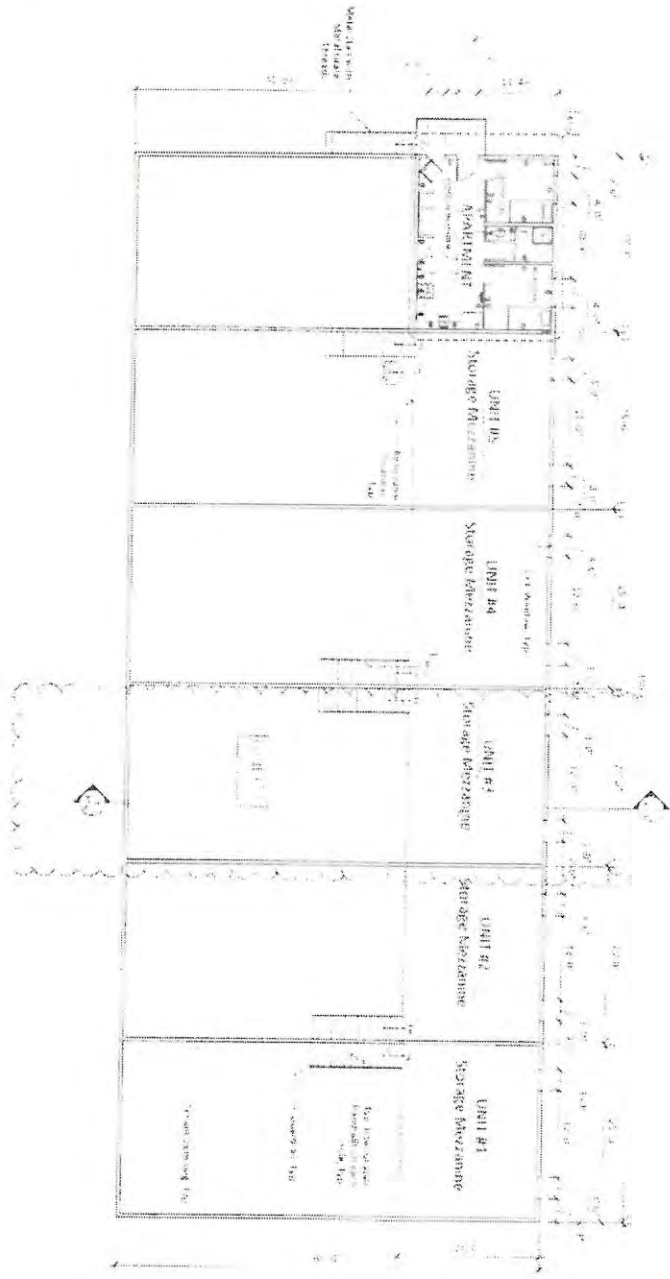
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STATE OF ALASKA

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STATE OF ALASKA



1. Unit Floor/Apartment Plan

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APPENDIX C
RULES AND REGULATIONS

1. Landlord has adopted a Uniform Signage Design Policy, to assure uniformity of signage placed on the 120 Jarvis Street Building. As stated in paragraph 12 of the Lease, Tenant shall pay the cost of signage, including installation. Other than signage conforming to the Uniform Signage Design Policy and approved by Landlord, no sign, placard, picture, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the written consent of Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved of by Landlord.

Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises; provided, however, that Landlord may furnish and install a Building standard window covering at all exterior windows. Tenant shall not without prior written consent of Landlord cause or otherwise sunscreen any window.

2. Tenant shall not drill, screw or nail into the metal walls of the interior or exterior of the Premises, for any purpose.
3. Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises, or install a security alarm system that would prevent Landlord's entry in the event of an emergency or as otherwise permitted by the Lease, without first obtaining written consent from the landlord.
4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant who, or whose employees or invitees shall have caused it.
5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.
6. Unless otherwise expressly agreed in writing by Landlord, Tenant shall not use, keep or permit any foul smelling, noxious gas or substance or hazardous material used, stored or present within the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other Tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises of the Building.
7. Unless otherwise expressly agreed in writing by Landlord, Tenant shall not use, store or keep any kerosene, gasoline or inflammable or combustible fluid or material within the Premises.
8. Landlord will direct electricians as to where and how telephone wires are to be installed. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of



telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.

9. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.
10. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises, including the Parking Area, without the written consent of the Landlord.
11. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.
12. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.
13. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except when the address includes the Tenant's address.
14. The Building is a NO SMOKING Building. The Landlord shall require smoking be in designated areas, outside the Building. The Landlord shall not be required to provide special shelters, or protection from the elements, for smokers.
15. Storage, sale or consumption of illegal drugs or contraband at or near the Premises shall not be tolerated, and shall constitute a material breach of the Lease.
16. Parking for the Premises shall be exclusively within the designated "Parking Area" for each premise within the building as shown on **Appendix B**. The designated Parking Area for each premise, shall be used by Tenant only for parking. Tenant shall not store material, trash, debris, equipment, nonoperating vehicles, storage material, lumber, trash containers.
17. Dumpsters will be in located within the area designated on **Appendix B** as "Dumpsters". Tenant's shall dispose of refuse, trash, garbage only in a Dumpster located in the area shown on **Appendix B**, unless otherwise directed in writing by Landlord. Tenant shall only place items in the **Dumpsters** that are acceptable to the City and Borough of Sitka. Tenant shall not place hazardous substances, oils, toxic material, or any material not otherwise allowed by the city and Borough of Sitka in the **Dumpsters**.





Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

What is this form?

This renewal application certifications form is required for all marijuana establishment license renewal applications. Each person signing an application for a marijuana establishment license must declare that he/she has read and is familiar with AS 17.38 and 3 AAC 306. A person other than a licensee may not have direct or indirect financial interest (as defined in 3 AAC 306.015(e)(1)) in the business for which a marijuana establishment license is issued, per 3 AAC 306.015(a).

This form must be completed and submitted to AMCO's main office by each licensee (as defined in 3 AAC 306.020(b)(2)) before any license renewal application will be considered complete.

Section 1 – Establishment Information

Enter information for the licensed establishment, as identified on the license application.

Licensee:	Darren Phillips	License Number:	13577		
License Type:	Standard Marijuana Cultivation Facility				
Doing Business As:	Fiberflite				
Premises Address:	120 Jarvis St., Unit C				
City:	Sitka	State:	AK	ZIP:	99835

Section 2 – Individual Information

Enter information for the individual licensee who is completing this form.

Name:	Darren Phillips
Title:	Owner

Section 3 – Changes to Licensed Marijuana Establishment

Read each line below, and then sign your initials in the box to the right of only the applicable statement:

Initials

I certify that no changes have been made, except for those that have been previously reported or requested on a form prescribed by the Board, to this licensed establishment's business name, ownership, licensed premises diagram, or operating plan, and (for marijuana product manufacturers) that I do not wish to request Board approval for production of any new proposed marijuana products.



I certify that a change has been or will be made to one or more of the items listed above for this establishment, and I understand that an additional form(s) and fee(s) must be submitted to AMCO before any renewal application for this license can be considered complete.



If you have selected the second certification, please list any and all of the types of changes that need to be reported/requested:

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Alaska Marijuana Control Board

Form MJ-20: Renewal Application Certifications

Section 4 – Certifications

Read each line below, and then sign your initials in the box to the right of any applicable statements:

Initials

I certify that I have **not** been convicted of any criminal charge in the previous two calendar years.



I certify that I have **not** committed any civil violation of AS 04, AS 17.38, or 3 AAC 306 in the previous two calendar years.



I certify that a notice of violation has **not** been issued for this license.



Sign your initials to the following statement only if you are unable to certify one or more of the above statements:

Initials

I have attached a written explanation for why I cannot certify one or more of the above statements, which includes the type of violation or offense, as required under 3 AAC 306.035(b).



Read each line below, and then sign your initials in the box to the right of each statement:

Initials

I certify that no person other than a licensee listed on my marijuana establishment license renewal application has a direct or indirect financial interest, as defined in 3 AAC 306.015(e)(1), in the business for which the marijuana establishment license has been issued.



I certify that I meet the residency requirement under AS 43.23 for a permanent fund dividend in the 2018 calendar year.



I certify that this establishment complies with any applicable health, fire, safety, or tax statute, ordinance, regulation, or other law in the state.



I certify that I am operating in compliance with the Alaska Department of Labor and Workforce Development's laws and requirements pertaining to employees.



I certify that I have not violated any restrictions pertaining to this particular license type, and that this license has not been operated in violation of a condition or restriction imposed by the Marijuana Control Board.



I certify that I understand that providing a false statement on this form, the online application, or any other form provided by or to AMCO is grounds for rejection or denial of this application or revocation of any license issued.



As an applicant for a marijuana establishment license renewal, I declare under penalty of unsworn falsification that I have read and am familiar with AS 17.38 and 3 AAC 306, and that this application, including all accompanying schedules and statements, is true, correct, and complete. I agree to provide all information required by the Marijuana Control Board in support of this application and understand that failure to do so by any deadline given to me by AMCO staff may result in additional fees or expiration of this license.

Signature of licensee

Printed name of licensee

Subscribed and sworn to before me this 21 day of AUGUST, 2018.

Notary Public in and for the State of Alaska

My commission expires:

12-08-2020



Alcohol & Marijuana Control Office

License Number: 13577

License Status: Active-Operating

License Type: Standard Marijuana Cultivation Facility

Doing Business As: FIBERFLITE

Business License Number: 1052278

Designated Licensee: DARREN H PHILLIPS

Email Address: fiberflite@aol.com

Local Government: Sitka (City and Borough of)

Community Council:

Latitude, Longitude: 57.049904, -135.309382

Physical Address: 120 jarvis st
Unit C
sitka, AK 99835
UNITED STATES

Licensee #1

Type: Individual

Name: DARREN H PHILLIPS

[REDACTED]

[REDACTED]

Phone Number: 209-608-5500

Email Address: fiberflite@aol.com

Mailing Address: po box 645
sitka, AK 99835
UNITED STATES

Note: No entity officials entered for this license.

Note: No affiliates entered for this license.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 18-42 Version: 1 Name:
Type: Ordinance Status: AGENDA READY
File created: 8/23/2018 In control: City and Borough Assembly
On agenda: 9/11/2018 Final action:
Title: Making Supplemental Appropriations for Fiscal Year 2019 (FY2018 Purchase Orders)
Sponsors:
Indexes:
Code sections:
Attachments: [Motion Memo and Ord 2018-42.pdf](#)

Date	Ver.	Action By	Action	Result
8/30/2018	1	City and Borough Assembly		

POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-42
on second and final reading.




City and Borough of Sitka

100 Lincoln Street Sitka, Alaska 99835

Coast Guard City, USA

MEMORANDUM

To: Mayor Hunter and Assembly Members
Keith Brady, Municipal Administrator

From: Jay Sweeney, Chief Finance and Administrative Officer 

Date: August 22, 2018

Subject: Approval of FY2019 Supplemental Budget Ordinance 2018-42

Background

The purpose of FY2019 Supplemental Budget Ordinance 2018-42 is to adjust the FY2019 operating budget by re-appropriating encumbered but unspent funds in the FY2018 operating budget.

Per Section 11.2 of the Home Rule Charter of the City and Borough of Sitka (the Charter), Lapse of Appropriations and Surpluses, *"Every unencumbered surplus of the general fund or a service area shall lapse at the close of the fiscal year to the general fund or service area, respectively. An appropriation for a capital improvement shall not lapse until its purpose has been accomplished or abandoned"*. The Municipality has historically interpreted this provision of the Charter to mean that encumbered but unspent appropriations at the end of a fiscal year do not lapse.

Analysis

The accounting system for the Municipality is not able to maintain unexpired operating appropriations in one fiscal year while simultaneously accounting for expenditures against such appropriations in subsequent fiscal years. Therefore, in order to ensure the provisions of Section 11.12 of the Charter are adhered to, encumbered but unexpended appropriations at the end of each fiscal year are re-appropriated through a supplemental appropriation as set forth in Section 11.10 of the Charter.

Fiscal Note

The effect of passing this ordinance will be to increase authorized expenditures in FY19 by the following amounts in the following funds:

General Fund – operating budget - \$133,998.10
Electric Fund - \$148,730.67
Wastewater Fund – operating budget - \$125,838.70
Solid Waste Fund - \$9,217.49

Providing for today ... preparing for tomorrow

Harbor Fund - \$28,639.50
MIS Fund - \$1,078.56
Central Garage Fund - \$112,929.62

If passed, new supplemental operating appropriations will lapse June 30, 2019.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-42
 AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
 MAKING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2019
 (FY2018 PURCHASE ORDERS)

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

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

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

3. **PURPOSE.** The purpose of this ordinance is to make supplemental appropriations for Fiscal Year 2019 which is necessary to ensure that encumbered appropriations do not lapse at the end of a fiscal year, in accordance with Section 11.12 of the Home Rule Charter of the City and Borough of Sitka.

4. **ENACTMENT.** In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriations for the budget period beginning July 1, 2018 and ending June 30, 2019 is hereby adjusted as follows:

<u>FISCAL YEAR 2019 EXPENDITURE BUDGETS</u>
<p>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, 2018 and ending June 30, 2019 is hereby adjusted as follows for the purchase orders open as of June 30, 2018.</p> <p>General Fund –\$133,998.10; Electric Fund - \$148,730.67; Wastewater Fund - \$125,838.70; Solidwaste Fund - \$9,217.49; Harbor Fund - \$28,639.50; MIS Fund - \$1,078.56; and Central Garage Fund - \$112,929.62.</p>

EXPLANATION

Section 11.12 of the Home Rule Charter of the City and Borough of Sitka (the Charter) specifies that unencumbered surpluses of the General Fund lapse at the end of a fiscal year. The Municipality has historically interpreted this provision of the Charter to mean that encumbered appropriations at the end of a fiscal year do not lapse.

The accounting system for the Municipality is not able to maintain unexpired operating appropriations in one fiscal year, but, account for expenditures against such appropriations in subsequent fiscal years. Therefore, in order to ensure the provisions of Section 11.12 of the Charter are adhered to, encumbered but unexpended appropriations at the end of each fiscal year are re-appropriated through a supplemental appropriation as set forth in Section 11.10 of the Charter.

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 11th Day of September, 2018.

ATTEST:

Matthew Hunter, Mayor

Sara Peterson, MMC
Municipal Clerk

1st reading 8/30/18
2nd and final reading 9/11/18

Sponsor: Administrator



CITY AND BOROUGH OF SITKA

Legislation Details

File #: RES 18-13 Version: 1 Name:

Type: Resolution Status: AGENDA READY

File created: 6/20/2018 In control: Harbor

On agenda: 9/11/2018 Final action:

Title: Increasing permanent and temporary moorage rates and other harbor fees and charges (item was referred to the Port and Harbors Commission on June 26 for consideration)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Memo and Res 2018-13.pdf](#)
[Assembly Minutes June 26.pdf](#)

Date	Ver.	Action By	Action	Result
6/26/2018	1	City and Borough Assembly	REFERRED	Pass

POSSIBLE MOTION

I MOVE TO approve Resolution 2018-13 on
first and final reading.

Notes:

- At the June 26 Assembly the meeting a motion was approved to refer the Resolution to the Port and Harbors Commission for review.
- On September 5, the Commission reviewed the Resolution. A motion was made to approve to the Assembly a rate recommendation of 6% for the harbors for 2018. Approved 4-0.



City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Hunter and Assembly Members
Keith Brady, Municipal Administrator

From: Jay Sweeney, Chief Finance and Administrative Officer, Melissa Haley,
Controller, Stan Eliason, Harbormaster

Date: 20 June 2018

Subject: Approval of Resolution 2018-13 FY2019 Rate Increase for Moorage

The harbor fund has more unrestricted working capital available than any other CBS enterprise fund (approximately 5.4 million), but it also has the highest need for capital investment over the next 5 years (approximately 22.7 million) and significant needs beyond that. At one time there was a high expectation that the state would bear a more significant part of the burden of repairing the harbors that were transferred from state to CBS ownership, however, while some funding is still coming through, it is limited and our forward looking fiscal models show a middle-of-the road forecast in which some grant funding is still made available in the future, but not what had been anticipated in the past.

The primary goals for the Harbor Fund during the next year are to:

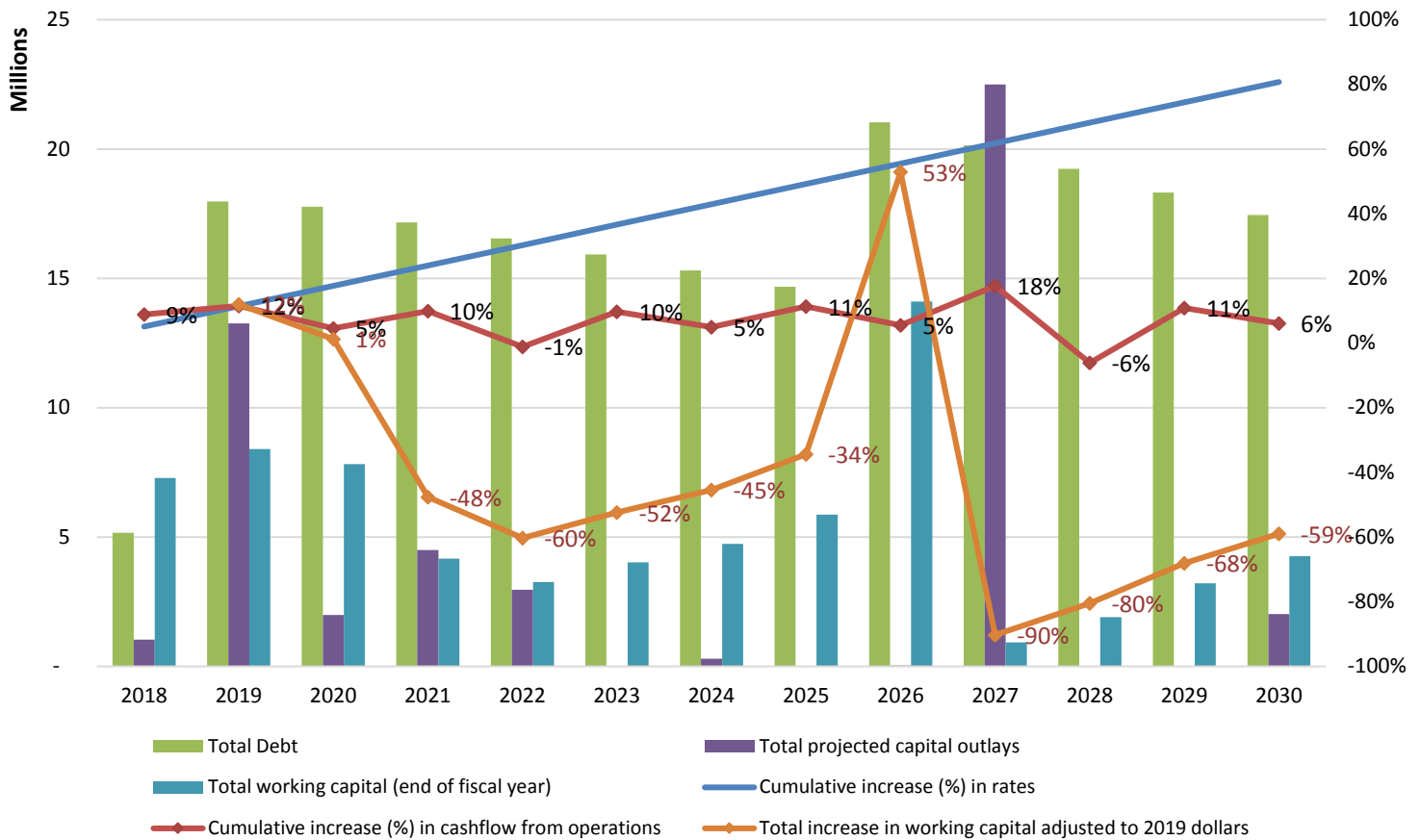
- Move forward with the Crescent Harbor rehabilitation project, for which some grant funding is available, but for which bonding will also be necessary. As we have a limited amount of time to spend the grant funds, we must bond this fall in order to provide the matching grant funds and to meet the timing restrictions of the grant or we will lose grant funding. The proposed rate increase is necessary to demonstrate that we have sufficient cash flow to pay for the debt services of the bond.
- Continue to plan for even more significant future infrastructure needs (especially the eventual replacement of Eliason Harbor).
- Continue to analyze options for revenue generation outside of basic moorage fees.

Below is an example demonstrating the total increased cost of various scenarios which could be applicable to harbor users in Sitka:

Example of typical service	Total additional cost (proposed rate increase)
Monthly moorage of a 20ft skiff	\$4.20
Monthly moorage of a 40ft vessel	\$8.40
Quarterly bill amount for 20ft skiff	\$12.60
Quarterly bill amount for 40ft vessel	\$25.20

Below is the graphical presentation of the fiscal model that staff used to determine the rates necessary today to ensure the future viability of the fund:

Harbor Fund fiscal model



As the chart above shows, future rate increases are necessary to maintain our current infrastructure, be able to contribute some of the fund's own resources to infrastructure needs, and also be able to pay for future debt that will be needed to keep the harbors viable.

The rate increase for most services is 6.3%, as has been planned. However, based from feedback from consultants, the rate per foot for the O'Connell Bridge dock will be doubled (once repairs have been made).

Category	Service Type	Monthly Price increase	Notes
Permanent	Vessels 20 feet and under if paid in advance	\$0.15	Per foot/month
Permanent	All vessels	\$0.21	Per foot/month
Transient	Vessels up to 80 feet	\$0.06	Per foot/day
Transient	Vessels 81-150 feet	\$0.11	Per foot/day
Transient	Vessels greater than 150 feet	\$0.17	Per foot/day
Transient	Monthly permit up to 150 feet	\$1.11	Per foot/month
Transient	Monthly permit over 150 feet	\$1.66	Per foot/month
Reserved	Eliason Harbor end ties	\$0.19	Per foot/day
Reserved	O'Connell Bridge tender dock	\$5.51	Per foot/day

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2018-13

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA INCREASING
PERMANENT AND TEMPORARY MOORAGE RATES AND OTHER HARBOR FEES
AND CHARGES**

WHEREAS, Sitka General Code Section 13.06.010 Moorage charges and fees, Subsection (A) states, Moorage fees and charges shall be established by resolution and approved by the Assembly; and

WHEREAS, the FY2019 City and Borough of Sitka Consolidated Operating Budget plans for a 6.3% increase in both permanent and temporary moorage rates in FY2019; and

WHEREAS, proposed increases in permanent and temporary moorage rate were discussed in public hearings on the FY2019 City and Borough of Sitka Consolidated Operating Budget; and

WHEREAS, expense inflation in the national and Alaskan economies has increased the cost of providing certain other harbor-related services and a corresponding adjustment in related user fees is appropriate.

NOW, THEREFORE, BE IT RESOLVED that the Assembly of the City and Borough of Sitka, Alaska, hereby approves the following permanent and temporary moorage charges, and other harbor-related charges, effective as stated:

Permanent Moorage (effective October 1, 2018) –

Vessels 20 feet in length and under \$2.62 per foot per month, if owners pay in advance for one year

All other Vessels \$3.51 per foot per month

Transient Moorage (effective October 1, 2018) –

Vessels up to eighty feet in length \$1.09 per foot per day

Vessels eighty-one feet to one hundred fifty feet in length \$1.86 per foot per day

Any vessel greater than one hundred fifty feet in length \$2.80 per foot per day

A 25% credit in daily transient moorage will be given to any commercial vessel actively loading or unloading fish and which produces a fish ticket or processor contract. The credit will be good for up to 10 days per fish ticket or contract.

Monthly Transient Permit Moorage (effective October 1, 2018) –

Vessels up to one hundred fifty feet in length \$18.69 per foot of overall length

52 Vessels over one hundred fifty feet in length \$28.02 per foot of overall length

53

54

55 Eliason Harbor end ties (effective October 1, 2018) –

56

57 All vessels \$3.22 per foot per day

58

59

60 O'Connell Bridge Facility (effective October 1, 2018) –

61

62 All vessels \$11.02 per foot per day, when available

63

64 Vessel Wait List

65 Vessels on the wait list shall be charged \$3.51 per foot of the overall vessel
66 length, per month, payable in advance, quarterly. The fee paid to get on the wait
67 list is equal to a quarter's moorage and is non-refundable and does not get
68 applied to moorage.

69 Other Fees (effective October 1, 2018):

70 Water From Port Facility -

71 • \$0.92 per 1,000 gal. - 0 to 33,300 (\$25.00 minimum)

72 • \$0.85 per 1,000 gal. - 33,301 to 90,000

73 • \$0.73 per 1,000 gal. - 90,001 to 270,000

74 • \$0.61 per 1,000 gal. - 270,001 to 410,000

75 • \$0.37 per 1,000 gal. - 410,001 to 800,000

76 Transient Electricity

77 • 30 amp - \$7.00/day

78 • 50 amp - \$15.00/day

79 Solid Waste Dumpster Service - \$224.13 (upon request or if one entity fills it
80 completely)

81 Harbor Staff labor- \$56.00 per hour ½ hour minimum. Impound Fee - \$51.25

82 Pumping - \$51.25

83 Towing - \$102.50 plus labor

84 Launch Ramp Fees - \$6.00 in, \$6.00 out, or a yearly permit is \$77.00 (calendar
85 year)

86 Emergency dewatering - \$51.25 (gas operated pump or sump pump plus labor)

87 Dewatering pump rental (110 volt sump) \$100.00 deposit, \$6.00 per day, not to
88 exceed 3 days.

89 Other charges:

- 90 • Absorbent materials - Oil pads 1 bale \$66.50 or \$.70 each.
- 91 • Sausage boom - 5"x10' bale \$118.00

92
93 **PASSED, APPROVED AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska
94 on this 11th day of September, 2018.

95
96
97
98
99

Matthew Hunter, Mayor

100

ATTEST:

102

103

104

Sara Peterson, MMC

Municipal Clerk

107

108 1st reading 6/26/18 – referred to Port and Harbors Commission

109 1st and final reading 9/11/18

110

111 Sponsor: Administrator

Yes: 6 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, and Bean

No: 1 - Wein

I [ORD 18-27](#)

Amending Title 15 "Public Utilities" of the Sitka General Code to increase wastewater treatment rates at Section 15.04.100 "Service Connection Charge" and Section 15.04.320 "Rates and Fees"

A motion was made by Potrzuski to LIMIT DEBATE to 2 minutes per member for the remaining rate items. The motion PASSED by the following vote.

Yes: 5 - Miyasato, Potrzuski, Hunter, Knox, and Bean

No: 2 - Eisenbeisz, and Wein

Jay Sweeney, speaking as a citizen, pointed out advantages and disadvantages of living in Sitka.

Eisenbeisz believed the City needed to learn to live with the status quo. Potrzuski reminded the City had a responsibility to provide services to its citizens.

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

Yes: 5 - Miyasato, Potrzuski, Hunter, Knox, and Wein

No: 2 - Eisenbeisz, and Bean

J [ORD 18-28](#)

Amending Title 15 "Public Utilities" of the Sitka General Code to increase solid waste collection rates at Sections 15.06.020 "Solid Waste Disposal Policy and Rates", 15.06.035 "Rates for Treatment and Collection", 15.06.045 "Special Refuse and Treatment Charges" and changing the title of 15.06.045 to "Transfer Station Drop-Off Charges and Special Refuse Collection Charges"

A motion was made by Miyasato to EXTEND to 11pm. The motion PASSED by the following vote.

Yes: 6 - Eisenbeisz, Hunter, Wein, Miyasato, Knox, Potrzuski

No: 1 - Bean

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

Yes: 5 - Miyasato, Potrzuski, Hunter, Knox, and Wein

No: 2 - Eisenbeisz, and Bean

XII. NEW BUSINESS:

L [RES 18-13](#)

Increasing permanent and temporary moorage rates and other harbor fees and charges

It was noted the rates had not been reviewed by the Port and Harbors Commission.

A motion was made by Eisenbeisz to REFER Resolution 2018-13 to the Port and Harbors Commission for review. The motion PASSED by the following vote.

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

M [RES 18-14](#)

Increasing transient float plane rates and fees

Knox reminded that while additional transient operations were available there were still services lacking, such as fuel. He hoped to see continued growth of seaplane operations. Wein also spoke to the importance of economic growth in this industry.

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

Yes: 7 - Miyasato, Eisenbeisz, Potrzuski, Hunter, Knox, Bean, and Wein

N [18-114](#)

Approve a lease agreement between Trident Seafoods Corporation and the City and Borough of Sitka for Block 4, Lot 6 of the Gary Paxton Industrial Park - request to rescind action taken June 26, 2018

A motion was made by Miyasato to EXTEND to 11:15pm. The motion FAILED by the following vote.

Yes: 6 - Miyasato, Potrzuski, Hunter, Eisenbeisz, Wein, Knox

No: 1 - Bean

Assembly members voiced concern that Trident Seafoods Corporation would compete with local processors and wondered if the lease was consistent with the Gary Paxton Industrial Park Board goal of creating family-wage jobs. Garry White, Gary Paxton Industrial Park (GPIP) Board Director, stated the lease was for storage and no jobs would be created as a result of the lease. Members also noted that the GPIP was running out of land. White, speaking on behalf of the Board, said the Board had recommended the lease. It was short-term and would bring in some positive cash flow.

A motion was made by Miyasato that this Item be APPROVED. The motion FAILED by the following vote.

Yes: 3 - Hunter, Knox, and Wein

No: 4 - Miyasato, Eisenbeisz, Potrzuski, and Bean

O [18-126](#)

Discussion / Direction / Decision on the contract with the Greater Sitka Chamber of Commerce, Inc., provider of Convention and Visitor Bureau Services (*executive session*)

The meeting ADJOURNED at 11pm as required by Sitka General Code. There was not a unanimous vote of seven members to continue. No action was taken on this item. It would be scheduled under Unfinished Business at the regular meeting of July 10, 2018.

XIII. PERSONS TO BE HEARD:

None. The meeting ADJOURNED at 11pm as required by Sitka General Code. There was not a unanimous vote of seven members to continue.

XIV. EXECUTIVE SESSION

None.



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 18-45 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Authorizing the issuance of an airport terminal revenue bond in a principal amount not to exceed \$4,500,000 to finance the cost of certain capital improvements to the terminal building at the Sitka Rocky Gutierrez Airport; authorizing the sale of the bond to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance and in a loan agreement authorized to be entered into with the Bond Bank; providing for the date, terms, and covenants of the bond; and providing the terms and conditions for issuing additional revenue bonds on a parity with the bond authorized by this ordinance

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo Ord 2018-45.pdf](#)
[Ord 2018-45 Airport Bond.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-45
on first reading.




City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Hunter and Assembly Members
Keith Brady, Municipal Administrator

From: Jay Sweeney, Chief Finance and Administrative Officer 

Date: September 5, 2018

Subject: Harbor Revenue Bond and Airport Terminal Revenue Bond Ordinance

Executive Summary

The purpose of ordinances 2018-45 (harbor revenue bonds) and 2018-46 (airport terminal revenue bonds) is to enter into bonded debt obligations in order to finance phase 1 of the Municipality's share of the reconstruction of Crescent Harbor, and, the renovation of the Sitka Rocky Gutierrez Airport Terminal.

Background and Discussion

The attached revenue bond ordinances, for the issuance of harbor and airport terminal revenue bonds, are the key documents in the bonding process. Their passage is absolutely necessary and essential to the successful accomplishment of our planned bonding in fiscal year 2019.

Per Section 12.01 of the Home Rule Charter of the City and Borough of Sitka (the Charter), Borrowing Authority, "*The Municipality may borrow money and issue such evidence thereof (herein called obligations) as the Assembly may determine necessary*".

As the proposed debt obligations to be issued by the Municipality for harbors and the airport terminal are to be repaid through revenues of such enterprises and are not a general obligation of the Municipality, a public vote approving the obligations is not required by the Charter.

The bond ordinances have been prepared by the City and Borough's Bond Counsel, David Thompson of Stradling, Yocca, Carlson & Rauth PC, of Seattle, in conjunction with careful review by the Bond Counsel for the Alaska Municipal Bond Bank Authority (AMBBA) and by the Bond Bank's financial advisor. The Municipal staff have also carefully reviewed this ordinance and our suggestions have been incorporated to the extent possible.

To review the bonding process in summary, the City and Borough of Sitka intends to issue one (1) harbor revenue bond to the AMBBA, in an amount not to exceed \$8,600,000, as collateral for a loan from the Bond Bank to be used to fund a portion of Sitka's share of the Crescent Harbor Renovation Phase 1 project; and, one (1) airport terminal revenue bond to the AMBBA, in an amount not to exceed \$4,500,000, as collateral for a loan from the AMBBA to be used to fund renovation of the Sitka Rocky Gutierrez Airport Terminal. These ordinances permit the City and Borough to issue its revenue bonds and enter into the loan agreements. The AMBBA, in turn, will issue its own bonds to the public, which will be sold through an underwriting syndicate, with RBC Capital as the lead underwriter. Thus, no bonds from the City and Borough of Sitka will be sold directly to the general public. The debt service of the Municipality will be structured in such a way as to mirror the debt service of the AMBBA, thus providing the AMBBA with the funding for its bonds used to finance the loans to the Municipality.

The exact amount of the Sitka revenue bonds issued to the Bond Bank will be determined when the Bond Bank sells its bonds. As discussed in previous correspondence to the Assembly, bonds are commonly sold at a premium (or less commonly a discount) to their stated face value. The AMBBA's underwriter structures the AMBBA bond issuance in such a way as to best position the issuance for sale to the public. Hence, it is this underwriter's coupon rate recommendations which serve as the underlying basis for bond pricing, and, possible premiums or discounts on issuance.

The face value of the Sitka revenue bonds will include both the amount of project funds previously presented to the Assembly, issuance costs, and a debt service reserve equal to the largest annual debt service on each issuance. Debt service reserves are not outlays or expenditures, but assets of the Municipality and the Municipality earns investment returns on them. Debt service reserves are either released back to the Municipality upon retirement of the bonds, or, may be used to make the last debt service payment on the bonds.

A key provision the Assembly will be agreeing to, in passing this ordinance, is Section 11 a of each ordinance. For the airport terminal ordinance, it reads: "*Rate Covenant. The City will establish, maintain and collect rentals, tariffs, rates, and charges for the lease, license and other rates and charges for use and operations of the Airport Terminal that will produce Net Revenue each year that, together with PFC Revenue, will at least equal [1.25] times the amount required in such year to pay the principal of and interest on all Parity Bonds.*" For the harbor ordinance, it reads "*The City will establish, maintain and collect moorage fees and other rates and charges for the use of the Harbor Facilities for so long as the Bond is outstanding that will provide in any fiscal year hereafter Net Revenue, taking into account (A) transfers from the Rate Stabilization Account in accordance with Section 8(c) and (B) any Fish Tax Receipts or other City funds deposited in the Harbor Enterprise Fund and available to pay debt service on Parity Bonds, in an amount equal to at least 125% of the Debt Service required to be paid in that fiscal year on the outstanding Parity Bonds.*" This means that the Assembly is agreeing to raise rates, as necessary, throughout the life of these bond

issues to ensure that the rate covenants are met. Rate covenants like this are typical in revenue bond transactions and are designed to protect bondholders and the issuer from any potential shortfall in revenue needed to pay debt service on the bonds. Past Assemblies have agreed to this very same provision in regards to electric revenue bonds, as it would be not feasible for our community to bond without such a provision.

Upon approval of this ordinance by the Assembly, the Bond Bank will sell its bonds and finalize the Sitka loan amounts and loan agreements. Bond Counsel will proceed to prepare the myriad of additional documents necessary for signing at the time the bond is issued and loan agreement entered into. Again, Mr. Thompson is leading this process as our Bond Counsel. We anticipate bond closing to be in late November in Seattle, at which time the Municipality will receive the proceeds of the bond issues.

We anticipate the bond structure for this issue will be semi-annual payments of interest along with one annual principal redemption, structured in such a fashion as to make the annual debt service amounts roughly equal.

Recommendation

In summary, these ordinances represent the culmination of hundreds of hours of work on the part of multiple individuals. They carry the recommendation of staff, and its external professional advisors, for approval.

CITY AND BOROUGH OF SITKA, ALASKA
AIRPORT TERMINAL REVENUE BOND, 2018

ORDINANCE NO. 2018-45

AN ORDINANCE of the City and Borough of Sitka authorizing the issuance of an airport terminal revenue bond in a principal amount not to exceed \$4,500,000 to finance the cost of certain capital improvements to the terminal building at the Sitka Rocky Gutierrez Airport; authorizing the sale of the bond to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance and in a loan agreement authorized to be entered into with the Bond Bank; providing for the date, terms, and covenants of the bond; and providing the terms and conditions for issuing additional revenue bonds on a parity with the bond authorized by this ordinance.

PASSED: _____, 2018

Prepared by:

STRADLING YOCCA CARLSON & RAUTH,
a Professional Corporation
Seattle, Washington

CITY AND BOROUGH OF SITKA, ALASKA

ORDINANCE NO. 2018-45

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ATTACHMENT A Form of Bond Bank Loan Agreement

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-45

AN ORDINANCE of the City and Borough of Sitka authorizing the issuance of an airport terminal revenue bond in a principal amount not to exceed \$4,500,000 to finance the cost of certain capital improvements to the terminal building at the Sitka Rocky Gutierrez Airport; authorizing the sale of the bond to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance and in a loan agreement authorized to be entered into with the Bond Bank; providing for the date, terms, and covenants of the bond; and providing the terms and conditions for issuing additional revenue bonds on a parity with the bond authorized by this ordinance.

WHEREAS, although the State of Alaska owns and operates the Sitka Rocky Gutierrez Airport (the “Airport”), the City and Borough of Sitka (the “City”) owns, operates, and maintains the airport terminal building (the “Airport Terminal”); and

WHEREAS, the City has established the Airport Terminal Fund into which are deposited revenues derived from owning and operating the Airport Terminal; and

WHEREAS, the City wishes to make certain improvements to the Airport Terminal (as further described herein, the “Project”); and

WHEREAS, by Resolution No. 2018-17 adopted by the Assembly of the City and Borough of Sitka on July 24, 2018, the Assembly authorized the issuance of airport terminal revenue bonds to pay for costs of the Project and authorized an application to the Alaska Municipal Bond Bank (the “Bond Bank”) to issue those bonds as a single bond (the “Bond”) to the Bond Bank; and

WHEREAS, there currently are no bonds outstanding payable from or secured by a pledge of revenues derived from the Airport Terminal; and

WHEREAS, the Assembly finds that it is in the best interest of the City and users of the Airport Terminal to issue the Bond payable from revenues derived from the Airport Terminal to finance the Project, fund a reserve account, and pay costs of issuing the Bond and to issue the Bond to the Bond Bank on the terms and conditions set forth in this ordinance and in a loan agreement authorized by this ordinance to be entered into with the Bond Bank by the Administrator; and

WHEREAS, on September 25, 2018, the Assembly held a public hearing on the issuance of the Bond as required by Section 147(f) of the Internal Revenue Code, as amended;

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

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

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

“Administrator” means the Municipal Administrator of the City or the successor to the duties of that office.

“Airport” means the Sitka Rocky Gutierrez Airport currently owned and operated by the State of Alaska.

“Airport Terminal” means the terminal building that the City owns, operates, and maintains at the Airport, as the same may be hereinafter added to, expanded or improved.

“Airport Terminal Fund” means the fund of that name previously established in the office of the Chief Finance and Administrative Officer into which all Gross Revenue is deposited.

“ANCA” means the Aircraft Noise and Capacity Act of 1990, as amended.

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

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

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

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

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

“Bond” means the City and Borough of Sitka, Alaska, Airport Terminal Revenue Bond, 2018, authorized to be issued in a principal amount not to exceed \$4,500,000 pursuant to this ordinance.

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

“Bond Fund” means the “City and Borough of Sitka Airport Terminal Revenue Bond Redemption Fund,” authorized to be created by Section 9 of this ordinance.

“Bond Register” means the registration books for the Bond maintained by the Registrar, for the purpose of complying with the requirements of Section 149 of the Code and listing, inter alia, the names and addresses of all Registered Owners of Bond.

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

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

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

“Collecting Carriers” means air carriers and their agents who are required by the PFC Act to collect PFCs.

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

“Covered Bonds” means the Bond and any Future Parity Bonds designated in the ordinance authorizing their issuance as Covered Bonds secured by the Reserve Account.

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

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

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

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

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

plus

(b) for outstanding Parity Bonds other than Fixed Rate Bonds, including but not limited to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for the period equal to the amount that would have been payable for principal and interest on these Parity Bonds during that period computed on the assumption that the amount of Parity Bonds as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the ordinance authorizing the issuance of such Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (ii) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the City) and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by Section 12 hereof, then within ten days of such certificate, (iii) to provide for approximately level annual debt service of principal and interest over such period.

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

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

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

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

“Future Parity Bonds” means revenue bonds of the City issued after the date of issuance of the Bond that have a lien on Gross Revenue for the payment of the principal thereof and interest thereon equal to the lien on the Gross Revenue for the payment of the principal of and interest on the Bond.

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

“Gross Revenue” means all income and revenue derived by the City from time to time from its ownership or operation of the Airport Terminal, excluding PFC Revenue, and otherwise including but not limited to fees charged for all uses of the Airport Terminal, rentals and income derived from the lease of part or all of the Airport Terminal, fees derived by the City from concessions granted and proceeds of part or all of the Airport Terminal and equipment therefor owned and leased by the City, any federal interest subsidy payments received in connection with Parity Bonds (to the extent such payments are not designated as Debt Service Offsets), and any investment income earned on money held in any fund or account of the City, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the Airport Terminal (but excluding income derived from investments irrevocably pledged to the payment of any specific revenue bonds of the City, such as bonds heretofore or hereafter refunded or defeased, investment income earned on money in any arbitrage rebate account, grants for capital purposes, and non-cash gains with respect to any real or personal property, investment or agreement that may be required to be recognized under generally accepted accounting principles).

“Loan Agreement” means the Loan Agreement by and between the City and the Bond Bank authorized to be entered into pursuant to Section 19 of this ordinance.

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

“Net Revenue” means, for any period, Gross Revenue less Operating Expenses for that period, excluding from the computation of Gross Revenue (a) any profit or loss derived from the sale

or other disposition, not in the ordinary course of business, of properties or rights of the Airport Terminal, or resulting from the early extinguishment of debt; and (b) insurance proceeds other than proceeds to replace lost revenue.

“Operating Expenses” mean the City’s expenses for operating and maintaining the Airport Terminal, and ordinary repairs, renewals, replacements and reconstruction of the Airport Terminal, including payments into reasonable reserves in the Airport Terminal Fund for items of operation and maintenance the payment for which is not immediately required, and shall include, without limiting the generality of the foregoing, rents, administrative and general expenses; engineering expenses; legal and financial advisory expenses; required payments to pension, retirement, health and hospitalization funds; insurance premiums; and any taxes, assessments, payments in lieu of taxes or other lawful governmental charges, all to the extent properly allocable to the Airport Terminal; and the fees and expenses of the Registrar. Operating Expenses shall not include any costs or expenses for new construction, interest, amortization, non-cash losses or costs with respect to any real or personal property, investment or agreement that may be required to be recognized under generally accepted accounting principles, including but not limited to depreciation expense and unrealized mark-to-market losses.

“Parity Bonds” mean the Bond and any Future Parity Bonds.

“Permitted Investments” means any investments permitted for City funds under Alaska law, subject to any limitations imposed by the Bond Bank.

“PFC” means any passenger facility charge authorized from time to time under the PFC Act.

“PFC Act” means the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, §§ 9110 and 9111, recodified as 49 U.S. § 40117, as amended or replaced from time to time.

“PFC Authority” means the authority granted to the City by the Federal Aviation Administration to impose and collect PFCs pursuant to FAA authorization number 18-02-C-00-SIT, as the same may be amended from time to time. The Assembly authorized imposition of the PFCs by Motion 17-09 at its meeting on March 14, 2017.

“PFC Fund” means the special account of the City designated and maintained by the City into which all PFC Revenue shall be deposited.

“PFC Regulations” means Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act.

“PFC Revenue” means all PFCs received by the City from time to time pursuant to PFC Authority imposed by the City pursuant to the PFC Act and PFC Regulations including any investment income with respect thereto including proceeds thereof and gains from sales of investments after such revenue as been remitted to the City as provided in the PFC Regulations.

“Project” means renovations of the Air Terminal described in Section 3 of this ordinance.

“Project Fund” means Fund # 716 Airport Revenue Bond in the records maintained by the Chief Finance and Administrative Officer.

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

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

“Rate Stabilization Account” means the account of that name within the Airport Terminal Fund.

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

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

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

“Reserve Account” means the Reserve Account authorized to be created within the Bond Fund pursuant to Section 9 of this ordinance.

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

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

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

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

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

“SEC” means the Securities and Exchange Commission.

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

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

“Tax Certificate” means the certificate with respect to federal tax matters relating to the Bond authorized to be executed by the Chief Finance and Administrative Officer or his designee pursuant to the provisions of Section 14 of this ordinance.

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

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

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

Section 3. The Project. The Assembly hereby confirms there is a need to renovate the Airport Terminal to improve baggage handling and passenger flow, including improvements within the Airport Terminal building and improvements to the enplanement ramps (the “Project”). The Assembly further finds that it is in the best interest of the City and users of the Airport Terminal that costs of the Project be financed from proceeds of the Bond.

The cost of all necessary planning, legal, architectural, engineering, design and other consulting services, inspection and testing, administrative and relocation expenses, on- and off-site utilities, purchases of equipment, and other costs incurred in connection with the Project shall be deemed a part of the cost of the Project. The City will determine the extent and specifications for the Project.

The City will determine the application of available funds among the various components of the Project to accomplish, as nearly as may be, the entire Project. If proceeds of sale of the Bond and any other money of the City legally available for such purpose, are insufficient to accomplish all of the Project, the City will use the available funds to accomplish those components of the Project that the Assembly deems most necessary and in the best interest of the City.

If the City determines that it has become impracticable to accomplish one or more components of the Project because of changed conditions, incompatible development or costs substantially in excess of those estimated, the City shall not be required to accomplish such component or components and may apply the Bond proceeds to other components of the Project.

If the entire Project has been constructed or duly provided for, or found to be impracticable, and Project Bond proceeds remain available, the Assembly may apply Bond proceeds to other capital repairs or improvements to the Airport Terminal or to retiring the Bond.

Section 4. Authorization of Bond. The City shall now issue and sell not to exceed \$4,500,000 principal amount of airport terminal revenue bonds to provide funds to pay costs of the Project. The bonds shall be issued to the Bond Bank as a single bond to be designated as the “City and Borough of Sitka Airport Terminal Revenue Bond,” with such year and series designation as may be appropriate. The Bond shall be dated the date of its sale and delivery to the Bond Bank, in accordance with Section 19 hereof, shall be fully registered as to both principal and interest, shall be numbered in such manner and with any additional designation as the Registrar deems necessary for purposes of identification and control, shall bear interest at the rate or rates, shall mature on the date or dates and shall be paid in installments in the principal amounts and on the dates to be determined in accordance with Section 19 hereof. Interest on the Bond shall be calculated based on a 360-day year of twelve 30-day months.

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

Section 5. Registration, Payment and Transfer. The Chief Finance and Administrative Officer shall act as authenticating agent, transfer agent, paying agent and registrar for the Bond (collectively, the “Registrar”). Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Interest on the Bond shall be paid by check or draft of the Registrar mailed (on the date such interest is due) to the Registered Owner or nominee at the addresses appearing on the Bond Register on the fifteenth day of the month preceding each interest payment date. Principal of the Bond shall be payable upon presentation and surrender of the Bond to the Registrar by the Registered Owner or nominee at the office of the Registrar in Sitka, Alaska. Notwithstanding the foregoing, if the Bond is sold to the Bond Bank pursuant to the provisions of Section 19 of this ordinance, and for so long as the Bond Bank is the owner of the Bond, payments of principal of and interest on the Bond shall be made to the Bond Bank in accordance with the Loan Agreement.

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

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

Section 6. Prepayment. Provisions for the optional prepayment of some or all principal installments of the Bond may be established pursuant to Section 19 and shall be set forth in the Loan Agreement. Portions of the principal amount of the Bond, in increments of \$5,000 or any integral multiple of \$5,000, may be prepaid.

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

Section 7. Airport Terminal Fund.

(a) *Airport Terminal Fund.* There has heretofore been established in the office of the Chief Finance and Administrative Officer a separate enterprise fund of the City designated as the "Airport Terminal Fund" (the "Airport Terminal Fund"). All Gross Revenue shall be deposited in the Airport Terminal Fund. Notwithstanding the foregoing, the Chief Finance and Administrative Officer may maintain separate funds and accounts in such names and under such additional designations as may be required to comply with City practices and Alaska law.

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

First, to pay the Operating Costs;

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

Third, to make all payments required to be made into the Reserve Account for Covered Bonds and to any reserve account created in the future for the payment of debt service on Future Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance has been issued to fund

the Reserve Requirement or the reserve requirement(s) for any Future Parity Bonds and the ordinance authorizing those Future Parity Bonds provides for such reimbursement;

Fourth, to make all payments required to be made into any revenue bond redemption fund or revenue warrant redemption fund and debt service fund or reserve account created to pay and secure the payment of the principal of and interest on any other revenue bonds or revenue warrants of the City having a lien on Gross Revenue junior and inferior to the lien thereon to pay or secure the payment of Parity Bonds; and

Fifth, to retire by redemption or purchase any outstanding revenue bonds or revenue warrants of the City, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Airport Terminal, to make deposits into the Rate Stabilization Account, or for any other lawful City purposes.

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

(c) *Rate Stabilization Account.* The Chief Finance and Administrative Officer is hereby authorized to establish a Rate Stabilization Account within the Airport Terminal Fund. The City may make payments into the Rate Stabilization Account from the Airport Terminal Fund at any time. Money in the Rate Stabilization Account may be withdrawn at any time for deposit into the Airport Terminal Fund and used for the purposes for which Gross Revenue may be used. Amounts withdrawn from the Rate Stabilization Account and deposited into the Airport Terminal Fund shall increase Gross Revenue for the period in which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce Gross Revenue for the period during which they are deposited. Credits to or from the Rate Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within that fiscal year. Earnings on the Rate Stabilization Account shall be credited to the Airport Terminal Fund.

Section 8. PFC Fund; Priority of Use of PFC Revenue. There is hereby authorized to be established in the office of the Chief Finance and Administrative Officer a special fund of the City known as the "Sitka Airport Passenger Facility Charge Fund" (the "PFC Fund"). PFC Revenue shall be deposited in the PFC Fund as collected. The PFC Fund shall be held separate and apart from all other funds and accounts of the City, and the PFC Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

(1) to make the payments described in paragraphs Second and Third of Section 7 hereof with respect to the Bonds and to any Future Parity Bonds to which the City may pledge PFC Revenue;

(2) To make the payments described in Paragraph Fourth of Section 7 hereof with respect to any junior lien airport terminal revenue bonds to which the City may pledge PFC Revenue; and

(3) to make the payments described in paragraph Fifth of Section 7 hereof to redeem or purchase airport terminal revenue bonds or other airport terminal revenue obligations to which the City has pledged or may pledge PFC Revenue or to make necessary additions, betterments, improvements and repairs to or extensions and replacement of the Airport Terminal for which PFC Revenue may be used.

Section 9. Bond Fund. A special fund of the City known as the “City and Borough of Sitka Airport Terminal Revenue Bond Redemption Fund” (the “Bond Fund”) is hereby authorized to be created in the office of the Chief Finance and Administrative Officer. Within the Bond Fund, the Chief Finance and Administrative Officer will establish the Debt Service Account and the Reserve Account. The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Bond and any Future Parity Bonds.

(a) *Payments into Debt Service Account.* A Debt Service Account is hereby authorized to be created in the Bond Fund for the purpose of paying the principal of, premium, if any, and interest on the Bonds. The City has irrevocably obligated and bound itself for as long as any Bonds remain outstanding to set aside and pay from the Airport Terminal Fund and the PFC Fund into the Debt Service Account, at least 15 days prior to the respective dates the same become due, the amounts necessary to pay such interest or principal and interest (including sinking fund payments with respect to any Bonds that are Term Bonds). Any money from any other fund or account of the City may be credited against the requirements of this subsection 9(a).

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

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

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

(b) *The Reserve Account.* The Reserve Account shall be maintained as a common reserve, securing the payment of the principal of and interest on the Bond and any Future Parity Bonds that are designated as Covered Bonds in the ordinance authorizing their issuance (inclusively, “Covered Bonds”). Prior to or upon the issuance of the Bond, the City will deposit into the Reserve Account funds sufficient to satisfy the Reserve Requirement for the Bond. The City covenants and agrees that from and after the closing and delivery of the Bond, it will at all times maintain an amount in the Reserve Account at least equal to the Reserve Requirement, except for withdrawals therefrom authorized by this ordinance, so long as any Covered Bonds remain outstanding. The Reserve Requirement may be maintained by deposits of cash, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. All amounts other than a Qualified Letter of Credit or Qualified Insurance held in the Reserve Account shall be invested solely in Permitted Investments. In computing the amount on hand in the Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other Reserve Account investments shall be valued as provided in (d) below. As used herein, the term “cash” includes U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier’s check. The deposit to the Reserve Account may be satisfied initially by the transfer of qualified investments to that account.

If the balances on hand in the Reserve Account are sufficient to satisfy the Reserve Requirement, interest earnings shall be applied as provided in the following sentences. Whenever

there is a sufficient amount in the Bond Fund, including the Reserve Account to pay the principal of and interest on all outstanding Covered Bonds, the money in the Reserve Account may be used to pay such principal and interest. As long as the money left remaining on deposit in the Reserve Account is equal to the Reserve Requirement, money in the Reserve Account may be transferred to the Bond Fund and used to pay the principal of and interest on Covered Bonds as the same become due and payable. The City also may transfer out of the Reserve Account any money required in order to prevent any Parity Bonds from becoming “arbitrage bonds” under the Code.

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

In making the payments and credits to the Reserve Account required by this Section 9(b), to the extent that the City has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Reserve Account such amounts so covered by Qualified Insurance or a Qualified Letter of Credit will be credited against the amounts required to be maintained in the Reserve Account by this Section 9(b) to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution; provided, however, that no such credit shall apply if such insurance company or financial institution is not rated in one of the three highest Rating Categories by two Rating Agencies.

Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up within one year of the date of withdrawal from Net Revenue (or out of any other money on hand legally available for such purpose) after making necessary provision for the payments required to be made by paragraphs First and Second in Section 7 of this ordinance. Any deficiency created in the Reserve Account by reason of any such credit downgrade shall then be made up (1) by obtaining substitute Qualified Insurance or Qualified Letter of Credit within one year of the date of such downgrade or (2) from Net Revenue (or out of any other money on hand legally available for such purpose), in no more than five approximately equal annual deposits to the Reserve Account, after making necessary provision for the payments required to be made by paragraphs First and Second in Section 7 of this ordinance.

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

If the City elects to meet the Reserve Requirement by using a Qualified Letter of Credit, Qualified Insurance or other equivalent credit enhancement device, the City may contract with the entity providing such Qualified Letter of Credit, Qualified Insurance or other equivalent credit enhancement device that the City’s reimbursement obligation, if any, to such entity shall be made

from payments of principal and interest on Covered Bonds from the City subject only to the prior lien thereon for the payments required hereunder to be made to registered owners of Parity Bonds.

(c) *Priority of Lien of Payments into Bond Fund and Reserve Account.* The amounts so pledged to be paid into the Bond Fund and the accounts therein from the Airport Terminal Fund are hereby declared to be a prior lien and charge on the Gross Revenue superior to all other charges of any kind or nature whatsoever except the Operating Costs and equal in rank to the lien and charge on Gross Revenue to pay and secure the payment of any Future Parity Bonds.

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

(e) *Sufficiency of Revenues.* The Assembly hereby finds that in fixing the amounts to be paid into the Bond Fund and the accounts therein out of Gross Revenue, it has exercised due regard for the Operating Costs and has not obligated the City to set aside and pay into the Bond Fund and the accounts therein a greater amount of such revenue than in its judgment will be available over and above the Operating Costs.

Section 10. Defeasance. If money and/or Government Obligations, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire the Bond or a portion thereof in accordance with its terms, are set aside in a special account to effect such prepayment and retirement, and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Bond or portion thereof so provided for, and such Bond or portion thereof shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the money so set aside and pledged, and such Bond or portion thereof shall be deemed not to be outstanding hereunder.

Section 11. Specific Covenants.

(a) *Rate Covenant.* The City will establish, maintain and collect rentals, tariffs, rates and charges for the lease, license, use and operations of the Airport Terminal that will produce Net Revenue each year that, together with PFC Revenue, will at least equal 1.25 times the amount required in such year to pay the principal of and interest on all Parity Bonds.

The City will cause the rate coverage calculation described in this Section 11(a) to be made no later than 90 days following the end of each fiscal year. Failure to collect Gross Revenue in any fiscal year sufficient to comply with the rate covenant set forth in this Section 11(a) will not constitute an Event of Default under this ordinance if, before the 180th day of the following fiscal year, the City:

(1) employs a Consultant to recommend changes in rents, tariffs, rates, and other charges for the use of the Airport Terminal that are estimated to produce Gross Revenue sufficient to satisfy the rate covenant set forth in this Section 11(a); and

(2) imposes rents, tariffs, rates, and other charges for the use of Airport Terminal at least as high as those recommended by the Consultant that will become effective at the time or times so recommended.

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

(c) *Disposition of Airport Terminal Facilities.* In the event that the Airport Terminal, or any part thereof that is used, useful to or contributes in some material measure to the Gross Revenue, is sold or condemned pursuant to the power of eminent domain, the City will apply the net proceeds of such sale or condemnation to capital expenditures for the Airport Terminal that will contribute to the Gross Revenue in some material measure, or will apply such net proceeds to the retirement of then-outstanding Parity Bonds at the earliest possible date.

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

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

(f) *Compliance with Law.* The City will comply with all provisions of the PFC Act, ANCA, the PFC Authority, and the PFC Regulations applicable to the City, and will not take any action or omit to take any action with respect to PFC Revenue, the Project, the Airport Terminal, or otherwise if such action or omission would, pursuant to the PFC Regulations cause the termination or reduction of the City's authority to impose PFCs or prevent the collection and use of the PFC Revenue as contemplated by this ordinance. The City covenants that all money in the PFC Fund will be used in compliance with all provisions of the PFC Act and the PFC Regulations applicable to the City and all provisions of the PFC Authority. Without limiting the generality of the foregoing, the City covenants that, to the extent necessary to comply with the foregoing covenant:

(i) The City will begin implementation of the Project within the time periods set forth in the PFC Regulations;

(ii) The City (A) will impose PFCs to the full extent of the PFC Authority, and (B) will not unilaterally decrease the level of the PFC to be collected from any passenger;

(iii) The City will not impose any noise or access restriction to the Airport not in compliance with ANCA;

(iv) The City will take all action reasonably necessary to cause all Collecting Carriers to collect and remit to the City all PFCs imposed by the City and required by the PFC Regulations to be so collected and remitted; and

(v) The City will contest any attempt by the Federal Aviation Administration to terminate, reduce or suspend the City's authority to impose, receive or use PFCs prior to the charge expiration date or the date total approved passenger facility charge revenue has been collected.

Section 12. Issuing Future Parity Bonds.

(a) *No Senior Lien Bonds.* The City hereby covenants and agrees with the owner of the Bond that the City will hereafter issue no bonds with a lien on Gross Revenue superior to the lien thereon of the Bond.

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

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

(2) The ordinance authorizing the issuance of Future Parity Bonds will include the covenants provided in Section 11 hereof and provide that the Reserve Requirement will be funded no later than the date of delivery of the Future Parity Bonds; and

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

(c) *Certificate of the City Without A Consultant.* If required pursuant to subsection (b)(3) above, a certificate may be delivered by the City, executed by the Chief Finance and Administrative Officer without a Consultant, showing that Net Revenue deposited in the Airport Terminal Fund during the Base Period, together with PFC Revenue, if available therefor, deposited in the PFC Fund during the Base Period (which figures may be based on unaudited financial statements of the City if the audit has not yet been completed for the Base Period) that are available to pay Debt Service on Parity Bonds equals at least 125% of the maximum Annual Debt Service for all Parity Bonds then outstanding plus the proposed Future Parity Bonds.

(d) *Certificate of a Consultant.* If required pursuant to subsection (b)(3) above, a certificate of a Consultant may be delivered by the City showing that Net Revenue for the Base Period that is available to pay Debt Service on Parity Bonds, together with PFC Revenue for the Base

Period, if available therefor, equals at least 125% of the maximum Annual Debt Service for all Parity Bonds then outstanding plus the proposed Future Parity Bonds. In calculating Net Revenue and PFC Revenue for this certificate, the Consultant may rely on unaudited financial statements of the City if the audit has not yet been completed for the Base Period. Such Net Revenue and PFC Revenue may be adjusted to take into consideration changes in Net Revenue estimated to occur under one or more of the following conditions after delivery of the proposed Future Parity Bonds:

(1) any increase or decrease in Net Revenue or PFC Revenue projected to result from changes in the PFC or in rents, tariffs, rates, or other charges for the use of the Airport Terminal (A) adopted prior to the date of the certificate but after the beginning of the Base Period and (B) effective at any time prior to the date needed for payment of Debt Service on Parity Bonds; and

(2) any increase or decrease in Net Revenue estimated by such engineer or accountant to result from any additions, betterments and improvements to and extensions of any facilities of the Airport Terminal that (a) became fully operational after the beginning of the Base Period, (b) were under construction at the time of such certificate, or (c) will be constructed from the proceeds of the Future Parity Bonds to be issued.

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

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

(1) if the Future Parity Bonds are being issued to refund Parity Bonds and the Annual Debt Service for such Future Parity Bonds does not in any year exceed the Annual Debt Service for that year of the Parity Bonds being refunded by more than \$5,000; or

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

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

Section 13. Junior Lien Bonds. Nothing herein contained shall prevent the City from issuing revenue bonds or other obligations that are a charge upon the Gross Revenue junior or inferior to the payments required by this ordinance to be made out of such Revenue to pay and secure the payment of any outstanding Parity Bonds. Such junior or subordinate obligations may not be subject to acceleration. This prohibition against acceleration does not prohibit mandatory tender or other tender provisions with respect to variable rate obligations.

Section 14. Tax Covenants.

(a) *General.* The City covenants not to take any action, or knowingly to omit to take any action within its control, that if taken or omitted would cause the interest on the Bond to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes.

(b) *Tax Certificate.* Upon the issuance of the Bond, the Chief Finance and Administrative Officer or his designee is authorized to execute a federal tax certificate (the "Tax Certificate"), which will certify to various facts and representations concerning the Bond, based on the facts and estimates known or reasonably expected on the date of their issuance, and make certain covenants with respect to the Bond as may be necessary or desirable to obtain or maintain the benefits conferred under the Code relating to tax-exempt bonds. The City covenants that it will comply with the Tax Certificate unless it receives advice from nationally recognized bond counsel or the Internal Revenue Service that certain provisions have been amended or no longer apply to the Bond.

(c) *Arbitrage Covenant.* The City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Bond or any other funds of the City that may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code that will cause the Bond to be an "arbitrage bond" within the meaning of that term in Section 148 of the Code. The City will comply with the requirements of Section 148 of the Code throughout the term of the Bond.

Section 15. Form of the Bond. The Bond shall be in substantially the following form:

NO. _____

\$_____

UNITED STATES OF AMERICA

STATE OF ALASKA

CITY AND BOROUGH OF SITKA
AIRPORT TERMINAL REVENUE BOND, 2018

INTEREST RATE:

FINAL MATURITY DATE:

SEE BELOW

REGISTERED OWNER: ALASKA MUNICIPAL BOND BANK

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

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

Principal Installment Payment Year (_____ 1)	Principal Installment Amount	Interest Rate	Principal Installment Payment Year (_____ 1)	Principal Installment Amount	Interest Rate
---	------------------------------------	------------------	---	------------------------------------	------------------

Both principal of and interest on this bond are payable solely from the special fund of the City known as the City and Borough of Sitka Airport Terminal Bond Redemption Fund (the “Bond Fund”). Payments of principal of and interest on this bond shall be made in lawful money of the United States of America. Installments of principal of and interest on this bond are payable by check or draft of the Chief Finance and Administrative Officer of the City (the “Registrar”) mailed on the date such interest is due to the Registered Owner at the address appearing on the Bond Register as of the fifteenth day of the month preceding the interest payment date. The final installment of principal of and interest on this bond shall be paid to the Registered Owner upon presentation and surrender of this bond at the office of the Registrar. Notwithstanding the foregoing, so long as the Bond Bank is the Registered Owner of this bond, payments of principal of and interest on this bond shall be made to the Bond Bank in accordance with the Loan Agreement.

This bond is issued pursuant to Ordinance No. _____, passed _____, 2018 (the “Bond Ordinance”), to provide funds to finance the cost of capital improvements to the Airport Terminal. Capitalized terms used in this bond and not otherwise defined herein shall have the meanings given such terms in the Bond Ordinance.

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

The City does hereby pledge and bind itself to set aside from the Airport Terminal Fund and the PFC Fund, and to pay into the Bond Fund and the Accounts therein, the various amounts required by the Bond Ordinance to be paid into and maintained in said Fund and Accounts, all within the times provided by the Bond Ordinance. The City has further pledged and bound itself to pay into the Airport Terminal Fund as collected all Gross Revenue and to pay into the PFC Fund all PFC Revenue.

The amounts so pledged to be paid out of the Airport Terminal Fund into the Bond Fund and Accounts therein are hereby declared to be a prior lien and charge upon money in the Airport Terminal Fund superior to all other charges of any kind or nature except Operating Costs and equal in rank to the lien and charge on the money in the Bond Fund to pay and secure the payment of any Future Parity Bonds.

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

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

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

IN WITNESS WHEREOF, the City and Borough of Sitka, Alaska, has caused this bond to be signed on behalf of the City with the manual or facsimile signature of the Mayor, to be attested by the manual or facsimile signature of the Clerk, and the seal of the City to be imprinted or impressed hereon, as of this ____ day of _____, 2018.

CITY AND BOROUGH OF SITKA,
ALASKA

By _____/s/_____
Mayor

[SEAL]

ATTEST:

/s/_____
Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This is the City and Borough of Sitka, Alaska, Airport Terminal Revenue Bond, 20__, dated _____, 2018, as described in the Bond Ordinance.

Chief Finance and Administrative Officer,
City and Borough of Sitka, Alaska, as
Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

(Please print or typewrite name and address, including zip code of Transferee)

the within bond and all rights thereunder and does hereby irrevocably constitute and appoint _____
_____ of _____, or its
successor, as agent to transfer said bond on the books kept by the Registrar for registration thereof,
with full power of substitution in the premises.

DATED: _____, _____.

SIGNATURE GUARANTEED:

NOTE: The signature of this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Section 16. Execution of the Bond. The Bond shall be signed on behalf of the City by the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile signature of the Clerk, and the seal of the City shall be impressed or imprinted thereon.

Only a Bond that bears thereon a Certificate of Authentication in the form set forth in Section 15 hereof, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. The Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated, registered, and delivered hereunder and is entitled to the benefits of this ordinance.

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

Section 17. Lost or Destroyed Bond. If the Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver a new Bond of like amount, date, and tenor to the Registered Owner upon such owner's paying the expenses and charges of the City in connection with preparation and authentication of the replacement Bond and upon his or her filing with the Registrar evidence satisfactory to the Registrar that the Bond was actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the City with indemnity satisfactory to the Registrar.

Section 18. Application of Bond Proceeds. Fund #716 Airport Revenue Bond (the "Project Fund") has been established by the Chief Finance and Administrative Officer. At the time of delivery of the Bond, proceeds of the Bond shall be deposited as follows:

(a) The accrued interest, if any, to the date of delivery shall be deposited in the Bond Fund and used to pay a portion of interest on the Bond on the first interest payment date;

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

(c) The remaining proceeds of the Bond shall be deposited in the Project Fund and used to pay costs of the Project and costs of issuance of the Bond.

Money remaining in the Project Fund after all such costs have been paid or reimbursed shall be applied to other capital improvements of the Airport Terminal. Money in the Project Fund may be invested as permitted by law. All interest earned and profits derived from such investments shall be retained in and become a part of the Project Fund.

Section 19. Sale of the Bond. The Administrator and the Chief Finance and Administrative Officer are authorized to complete the sale of the Bond to the Bond Bank on terms and conditions consistent with this ordinance and a loan agreement in substantially the form set forth in Attachment A attached to this resolution (the "Loan Agreement"). Following the sale of the Bond Bank Bonds, certain terms of the Bond, including the final principal amount, date, principal installment payment schedule, interest rates and prepayment provisions, all as provided for in this ordinance, will be set forth in the Loan Agreement, subject to the approval of the Administrator or Chief Finance and Administrative Officer or his designee, which approval will be conclusively evidenced by the signing and delivery of the Loan Agreement to the Bond Bank. The proper officials of the City and their agents and representatives are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bond to the Bond Bank in accordance with the provisions of this ordinance and the Loan Agreement.

Section 20. Events of Default.

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

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

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

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

(4) If the City defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the City contained in this ordinance and such default or defaults continues for a period of 90 days after the City receives from a representative of (a) owners of not less than 66% in principal amount of the Parity Bonds then outstanding or (b) the

Bond Bank, if the Bond Bank is then the registered owner of any of the Parity Bonds, a written notice specifying and demanding the cure of such default;

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

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

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

Section 21. Remedies Available for an Event of Default.

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

The owners of not less than 66% in principal amount of the Parity Bonds at the time outstanding (the "Majority Bondowners"), or their attorneys-in-fact duly authorized, may on behalf of the owners of all of the Parity Bonds waive any past default under this ordinance and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Parity Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

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

Any action, suit or other proceedings instituted by the Majority Bondowners hereunder shall be brought in its name on behalf of all owners of the Parity Bonds, and all such rights of action upon

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

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

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

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

Section 22. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City may now or in the future be an “obligated person” with respect to the Bond Bank Bonds. In accordance with the Rule and as the Bond Bank may require, the City will undertake to provide certain annual financial information and operating data as may be set forth in the Loan Agreement.

Section 23. General Authorization; Prior Acts. The Mayor, Administrator, Chief Finance and Administrative Officer and Clerk of the City and any other appropriate officers of the City are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 24. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

Section 25. Effective Date. This ordinance shall be in full force and effect 30 days after its adoption by the Assembly.

READ FOR THE FIRST TIME at a regular meeting of the Assembly held on _____, 2018.

PASSED AND APPROVED by the Assembly of the City and Borough of Sitka, Alaska, on _____, 2018.

CITY AND BOROUGH OF SITKA,
ALASKA

By _____
Matthew Hunter, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

ATTACHMENT A

FORM OF LOAN AGREEMENT

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

W I T N E S S E T H:

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

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

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

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

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

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

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

WHEREAS, on _____, 2018 the Board adopted Series Resolution No. 20__-__ (the "Series Resolution" and together with the General Bond Resolution, the "Bond Resolution"), authorizing the Bank to, among other things, issue the Bank's General Obligation Bonds, 2018 Series _____ (the "2018 Series _____ Bonds"), make the Loan to the [City][Borough] and purchase the [City's][Borough's] Municipal Bond.

NOW, THEREFORE, the parties agree as follows:

The Bank hereby makes the Loan, and the [City] [Borough], hereby accepts the Loan in the principal amount of \$ _____. As evidence of the Loan made to the [City] [Borough] and such money

borrowed from the Bank by the [City] [Borough], the [City] [Borough] hereby agrees to sell to the Bank the Municipal Bond in the principal amount, with the principal installment payments, and bearing interest from its date at the rate or rates per annum, stated in Exhibit A.

The [City] [Borough] represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including [Ordinance] [Resolution] No. _____, adopted on _____, 20__ (the “[City] [Borough] [Ordinance] [Resolution]”). The [City][Borough] further represents to the Bank that the [City][Borough] has taken or will take all other proceedings required by law to enable it to enter into this Loan Agreement and to issue its Municipal Bond to the Bank and that the Municipal Bond will constitute [a general obligation bond, secured by the full faith and credit] [a revenue bond, secured by a special and limited obligation] of the [City] [Borough], all duly authorized by the [City] [Borough] [Ordinance] [Resolution].

The [City][Borough] represents that the [City][Borough] [Resolution] [Ordinance] is in full force and effect and has not been amended, supplemented or otherwise modified, other than as may have been previously certified by the [City][Borough] to the Bank.

Subject to any applicable legal limitations, the amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing interest due on its Municipal Bond (the “Municipal Bond Interest Payments”) shall be computed at the same rate or rates of interest borne by the corresponding maturities of the bonds sold by the Bank in order to obtain the money with which to make the Loan and to purchase the Municipal Bond (the “Loan Obligations”) and shall be paid by the [City] [Borough] [for revenue obligations in monthly installments] at least seven (7) Business Days before the Interest Payment Date to provide funds sufficient to pay interest as the same becomes due on the Loan Obligations.

The amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing principal due on its Municipal Bond (the “Municipal Bond Principal Payments”), shall be paid [for revenue obligations, in monthly installments on the dates and in amounts sufficient] to provide at least seven (7) Business Days before the payment date stated in the Municipal Bond funds sufficient to pay the principal of the Loan Obligations as the same matures based upon the maturity schedule stated in Exhibit A.

In the event the amounts referred to in Sections 3 and 4 hereof to be paid by the [City] [Borough] pursuant to this Loan Agreement are not made available at any time specified herein, the [City] [Borough] agrees that any money payable to it by any department or agency of the State may be withheld from it and paid over directly to the Trustee acting under the General Bond Resolution, and this Loan Agreement shall be full warrant, authority and direction to make such payment upon notice to such department or agency by the Bank, with a copy provided to the [City] [Borough], as provided in the Act.

In the event that all or a portion of the Loan Obligations have been refunded and the interest rates the Bank is required to pay on its refunding bonds in any year are less than the interest rates payable by the [City] [Borough] on the Municipal Bond for the corresponding year pursuant to the terms of the Municipal Bond, then both the Municipal Bond Interest Payments and the Municipal Bond Principal Payments will be adjusted in such a manner that (i) the interest rate paid by the [City] [Borough] on any principal installment of the Municipal Bond is equal to the interest rate paid by the Bank on the corresponding principal installment of the Bank’s refunding bonds and (ii) on a present value basis the sum of the adjusted Municipal Bond Interest Payments and Municipal Bond Principal Payments is equal to or less than the sum of the Municipal Bond Interest Payments and Municipal Bond Principal Payments due over the remaining term of the Municipal Bond as previously established under this Loan Agreement. In the event of such a refunding of the Loan Obligations, the Bank shall present to the [City] [Borough] for the [City’s] [Borough’s] approval, a revised schedule of principal installment amounts and interest

rates for the Municipal Bond. If approved by the [City] [Borough] the revised schedule shall be attached hereto as Exhibit A and incorporated herein in replacement of the previous Exhibit A detailing said principal installment amounts and interest rates.

The [City] [Borough] is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the [City] [Borough] shall be in an amount sufficient, together with the [City's] [Borough's] Allocable Proportion (as defined below) of other money available therefor under the provisions of the Bond Resolution, and other money available therefor, including any specific grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof and amounts applied therefor from amounts transferred to the Operating Fund pursuant to Section 606 of the General Bond Resolution:

to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the Administrative Expenses of the Bank; and

to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the fees and expenses of the Trustee and paying agent for the Loan Obligations.

The [City's] [Borough's] Allocable Proportion as used herein shall mean the proportionate amount of the total requirement in respect to which the term is used determined by the ratio that the principal amount of the Municipal Bond outstanding bears to the total of all Loans then outstanding to all Governmental Units under the General Bond Resolution, as certified by the Bank. The waiver by the Bank of any fees payable pursuant to this Section 7 shall not constitute a subsequent waiver thereof.

The [City] [Borough] is obligated to make the Municipal Bond Principal Payments scheduled by the Bank. The first such Municipal Bond Principal Payment is due at least seven (7) Business Days prior to each date indicated in Exhibit A, and thereafter on the anniversary thereof each year. The [City] [Borough] is obligated to make the Municipal Bond Interest Payments scheduled by the Bank on a semi-annual basis commencing seven (7) Business Days prior to each date indicated in Exhibit A, and to pay any Fees and Charges imposed by the Bank within 30 days after receiving the invoice of the Bank therefor.

The Bank shall not sell and the [City] [Borough] shall not redeem prior to maturity any portion of the Municipal Bond in an amount greater than the related Loan Obligations which are then outstanding and which are then redeemable, and in the event of any such sale or redemption, the same shall be in an amount not less than the aggregate of (i) the principal amount of the Municipal Bond (or portion thereof) to be redeemed, (ii) the interest to accrue on the Municipal Bond (or portion thereof) to be redeemed to the next redemption date thereof not previously paid, (iii) the premium, if any, payable on the Municipal Bond (or portion thereof) to be redeemed, and (iv) the cost and expenses of the Bank in effecting the redemption of the Municipal Bond (or portion thereof) to be redeemed. The [City] [Borough] shall give the Bank at least 50 days' prior written notice of the [City's][Borough's] intention to redeem its Municipal Bond.

In the event the Loan Obligations with respect to which the sale or redemption prior to maturity of such Municipal Bond is being made have been refunded and the refunding bonds of the Bank issued for the purpose of refunding such Loan Obligations were issued in a principal amount in excess of or less than the principal amount of the Municipal Bond remaining unpaid at the date of issuance of such refunding bonds, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (i) above shall be the principal amount of such refunding bonds outstanding.

In the event all or a portion of the Loan Obligations have been refunded and the interest the Bank is required to pay on the refunding bonds is less than the interest the Bank was required to pay on the Loan Obligations, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (ii) above shall be the amount of interest to accrue on such refunding bonds outstanding.

In the event all or a portion of the Loan Obligations have been refunded, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (iii) above, when the refunded Loan Obligations or portion thereof are redeemed, shall be the premium, if any, on the Loan Obligations to be redeemed.

Nothing in this Section shall be construed as preventing the [City] [Borough] from refunding the Municipal Bond in exchange for a new Municipal Bond in conjunction with a refunding of all or a portion of the Loan Obligations.

Simultaneously with the delivery of the Municipal Bond to the Bank, the [City] [Borough] shall furnish to the Bank evidence satisfactory to the Bank which shall set forth, among other things, that the Municipal Bond will constitute a valid and binding [general obligation] [special and limited obligation] of the [City] [Borough], secured by the [full faith and credit] [revenue of the _____] of the [City] [Borough].

Invoices for payments under this Loan Agreement shall be addressed to the [City] [Borough], Attention: _____, _____, _____, Alaska 99____. The [City] [Borough] shall give the Bank and the corporate trust office of the Trustee under the General Bond Resolution at least 30 days' prior written notice of any change in such address.

[The [City] [Borough] hereby agrees that it shall fully fund, at the time of loan funding, its debt service reserve fund (in an amount equal to \$ _____) which secures payment of principal and interest on its Municipal Bond, that such fund shall be held in the name of the [City] [Borough] with the Trustee, and that the yield on amounts held in such fund shall be restricted to a yield not in excess of _____ percent. (Applies to revenue bonds only.)]

[Rate covenant and other covenant language – if applicable.]

The [City] [Borough] hereby agrees to keep and retain, until the date six years after the retirement of the Municipal Bond, or any bond issued to refund the Municipal Bond, or such longer period as may be required by the [City's] [Borough's] record retention policies and procedures, records with respect to the investment, expenditure and use of the proceeds derived from the sale of its Municipal Bond, including without limitation, records, schedules, bills, invoices, check registers, cancelled checks and supporting documentation evidencing use of proceeds, and investments and/or reinvestments of proceeds. The [City] [Borough] agrees that all records required by the preceding sentence shall be made available to the Bond Bank upon request.

Prior to payment of the amount of the Loan or any portion thereof, and the delivery of the Municipal Bond to the Bank or its designee, the Bank shall have the right to cancel all or any part of its obligations hereunder if:

Any representation, warranty or other statement made by the [City] [Borough] to the Bank in connection with its application to the Bank for a Loan shall be incorrect or incomplete in any material respect.

The [City] [Borough] has violated commitments made by it in the terms of this Loan Agreement.

The financial position of the [City] [Borough] has, in the opinion of the Bank, suffered a materially adverse change between the date of this Loan Agreement and the scheduled time of delivery of the Municipal Bond to the Bank.

The obligation of the Bank under this Loan Agreement is contingent upon delivery of its General Obligation Bonds, 20__ Series _____ and receipt of the proceeds thereof.

The [City] [Borough] agrees that it will provide the Bank with written notice of any default in covenants under the [City] [Borough] [Ordinance] [Resolution] within thirty (30) days after the date thereof.

The [City] [Borough] agrees that it shall file, on an annual basis, its annual financial statements with the Municipal Securities Rulemaking Board not later than two hundred ten (210) days after the end of each fiscal year of the [City] [Borough] for so long as the Municipal Bond remains outstanding. The [City] [Borough] further agrees that filings under this Section 18 shall be made in connection with CUSIP Nos. 01179P, 011798 and 01179R. Additional or alternate CUSIP number(s) may be added from time to time by written notice from the Bank to the [City] [Borough]. The [City] [Borough] agrees that if it shall receive from the Bank CUSIP number(s) in addition to those set forth in this Section then it shall thereafter make its filings using both CUSIP numbers herein stated and any additional CUSIP number(s).

The [City] [Borough] agrees that it shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on the Municipal Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Municipal Bond is subject on the date of original issuance thereof.

[The [City] [Borough] shall not permit any of the proceeds of the Municipal Bond, or any facilities financed with such proceeds, to be used in any manner that would cause the Municipal Bond to constitute a "private activity bond" within the meaning of Section 141 of the Code.]

The [City] [Borough] shall make no use or investment of the proceeds of the Municipal Bond that will cause the Municipal Bond to be an "arbitrage bond" under Section 148 of the Code. So long as the Municipal Bond is outstanding, the [City] [Borough], shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect. The [City] [Borough] shall indemnify and hold harmless the Bank from any obligation of the [City] [Borough] to make rebate payments to the United States under said Section 148 arising from the [City's] [Borough's] use or investment of the proceeds of the Municipal Bond.

Upon request of the Bank, the [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement prepared by the Bank for purposes of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934.

The [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution it shall provide the Bank for inclusion in future official statements, upon request, financial information generally of the type included in Appendix D of the Bank's Official Statement, dated _____, 20__, under

the heading "Summary of Borrowers Representing 10% or More of Outstanding Bonds Issued Under the 2005 General Bond Resolution," attached hereto as Exhibit B.

If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments, and take such other actions as are necessary, to give effect to the terms of this Loan Agreement.

No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other term or condition hereof, nor shall a waiver of any breach of this Loan Agreement be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

In this Loan Agreement, unless otherwise defined herein, all capitalized terms which are defined in Article I of the General Bond Resolution shall have the same meanings, respectively, as such terms are given in Article I of the General Bond Resolution.

This Loan Agreement shall remain in full force and effect so long as the Municipal Bond remains outstanding.

This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the subject matter hereof and constitutes the entire agreement between the parties hereto in respect thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement as of the date first set forth above.

ALASKA MUNICIPAL BOND BANK

By: _____

DEVEN J. MITCHELL
Executive Director

[CITY] [BOROUGH] OF _____,
ALASKA

By: _____

Its: _____

EXHIBIT A

\$ _____
[City] [Borough], Alaska
[General Obligation] [Revenue] Bond, 20__
(the "Municipal Bond")

Due (_____ 1)	Principal <u>Amount</u>	Interest <u>Rate</u>
------------------	----------------------------	-------------------------

Principal installments shall be payable on _____ 1 in each of the years, and in the amounts set forth above. Interest on the Municipal Bond shall be payable on _____ 1, 20__, and thereafter on _____ 1 and _____ 1 of each year.

[Prepayment Provisions: The Municipal Bond principal installments are not subject to prepayment prior to maturity.]

Optional Prepayment: The Municipal Bond principal installments due on or after _____ 1, 20__ are subject to prepayment in whole or in part at the option of the [City] [Borough] on any date on or after _____ 1, 20__, at a price of 100% of the principal amount thereof to be prepaid, plus accrued interest to the date of prepayment.

EXHIBIT B

[Information from Appendix D of the Bank's Official Statement to be inserted]

CERTIFICATE

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

1. That the attached is a true and correct copy of Ordinance No. _____ of the City (the "Ordinance"), as finally passed at a regular meeting of the Assembly held on _____, 2018, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2018.

Sara Peterson, MMC
Municipal Clerk, City and Borough of Sitka



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 18-46 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Authorizing the issuance of a harbor facilities revenue bond in a principal amount not to exceed \$8,600,000 to finance a portion of the cost of certain capital improvements to Sitka's harbor facilities; authorizing the sale of the bond to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance and in a loan agreement authorized to be entered into with the Bond Bank; providing for the date, terms and covenants of the bond; and amending a provision of Ordinance No. 2013-01

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo Ord 2018-46.pdf](#)
[Documents from Public Works.pdf](#)
[Ord 2018-46 Crescent Harbor Bond.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-46
on first reading.

Note:

- The Port and Harbors Commission met on September 5 and approved a motion to move forward with the \$8.6 million dollar bond for the reconstruction of floats 1, 2, 3, 4 and the head walk of Crescent Harbor. The vote was 4-0.




City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

To: Mayor Hunter and Assembly Members
Keith Brady, Municipal Administrator

From: Jay Sweeney, Chief Finance and Administrative Officer 

Date: September 5, 2018

Subject: Harbor Revenue Bond and Airport Terminal Revenue Bond Ordinance

Executive Summary

The purpose of ordinances 2018-45 (harbor revenue bonds) and 2018-46 (airport terminal revenue bonds) is to enter into bonded debt obligations in order to finance phase 1 of the Municipality's share of the reconstruction of Crescent Harbor, and, the renovation of the Sitka Rocky Gutierrez Airport Terminal.

Background and Discussion

The attached revenue bond ordinances, for the issuance of harbor and airport terminal revenue bonds, are the key documents in the bonding process. Their passage is absolutely necessary and essential to the successful accomplishment of our planned bonding in fiscal year 2019.

Per Section 12.01 of the Home Rule Charter of the City and Borough of Sitka (the Charter), Borrowing Authority, "*The Municipality may borrow money and issue such evidence thereof (herein called obligations) as the Assembly may determine necessary*".

As the proposed debt obligations to be issued by the Municipality for harbors and the airport terminal are to be repaid through revenues of such enterprises and are not a general obligation of the Municipality, a public vote approving the obligations is not required by the Charter.

The bond ordinances have been prepared by the City and Borough's Bond Counsel, David Thompson of Stradling, Yocca, Carlson & Rauth PC, of Seattle, in conjunction with careful review by the Bond Counsel for the Alaska Municipal Bond Bank Authority (AMBBA) and by the Bond Bank's financial advisor. The Municipal staff have also carefully reviewed this ordinance and our suggestions have been incorporated to the extent possible.

To review the bonding process in summary, the City and Borough of Sitka intends to issue one (1) harbor revenue bond to the AMBBA, in an amount not to exceed \$8,600,000, as collateral for a loan from the Bond Bank to be used to fund a portion of Sitka's share of the Crescent Harbor Renovation Phase 1 project; and, one (1) airport terminal revenue bond to the AMBBA, in an amount not to exceed \$4,500,000, as collateral for a loan from the AMBBA to be used to fund renovation of the Sitka Rocky Gutierrez Airport Terminal. These ordinances permit the City and Borough to issue its revenue bonds and enter into the loan agreements. The AMBBA, in turn, will issue its own bonds to the public, which will be sold through an underwriting syndicate, with RBC Capital as the lead underwriter. Thus, no bonds from the City and Borough of Sitka will be sold directly to the general public. The debt service of the Municipality will be structured in such a way as to mirror the debt service of the AMBBA, thus providing the AMBBA with the funding for its bonds used to finance the loans to the Municipality.

The exact amount of the Sitka revenue bonds issued to the Bond Bank will be determined when the Bond Bank sells its bonds. As discussed in previous correspondence to the Assembly, bonds are commonly sold at a premium (or less commonly a discount) to their stated face value. The AMBBA's underwriter structures the AMBBA bond issuance in such a way as to best position the issuance for sale to the public. Hence, it is this underwriter's coupon rate recommendations which serve as the underlying basis for bond pricing, and, possible premiums or discounts on issuance.

The face value of the Sitka revenue bonds will include both the amount of project funds previously presented to the Assembly, issuance costs, and a debt service reserve equal to the largest annual debt service on each issuance. Debt service reserves are not outlays or expenditures, but assets of the Municipality and the Municipality earns investment returns on them. Debt service reserves are either released back to the Municipality upon retirement of the bonds, or, may be used to make the last debt service payment on the bonds.

A key provision the Assembly will be agreeing to, in passing this ordinance, is Section 11 a of each ordinance. For the airport terminal ordinance, it reads: *"Rate Covenant. The City will establish, maintain and collect rentals, tariffs, rates, and charges for the lease, license and other rates and charges for use and operations of the Airport Terminal that will produce Net Revenue each year that, together with PFC Revenue, will at least equal [1.25] times the amount required in such year to pay the principal of and interest on all Parity Bonds."* For the harbor ordinance, it reads *"The City will establish, maintain and collect moorage fees and other rates and charges for the use of the Harbor Facilities for so long as the Bond is outstanding that will provide in any fiscal year hereafter Net Revenue, taking into account (A) transfers from the Rate Stabilization Account in accordance with Section 8(c) and (B) any Fish Tax Receipts or other City funds deposited in the Harbor Enterprise Fund and available to pay debt service on Parity Bonds, in an amount equal to at least 125% of the Debt Service required to be paid in that fiscal year on the outstanding Parity Bonds."* This means that the Assembly is agreeing to raise rates, as necessary, throughout the life of these bond

issues to ensure that the rate covenants are met. Rate covenants like this are typical in revenue bond transactions and are designed to protect bondholders and the issuer from any potential shortfall in revenue needed to pay debt service on the bonds. Past Assemblies have agreed to this very same provision in regards to electric revenue bonds, as it would be not feasible for our community to bond without such a provision.


Upon approval of this ordinance by the Assembly, the Bond Bank will sell its bonds and finalize the Sitka loan amounts and loan agreements. Bond Counsel will proceed to prepare the myriad of additional documents necessary for signing at the time the bond is issued and loan agreement entered into. Again, Mr. Thompson is leading this process as our Bond Counsel. We anticipate bond closing to be in late November in Seattle, at which time the Municipality will receive the proceeds of the bond issues.


We anticipate the bond structure for this issue will be semi-annual payments of interest along with one annual principal redemption, structured in such a fashion as to make the annual debt service amounts roughly equal.

Recommendation

In summary, these ordinances represent the culmination of hundreds of hours of work on the part of multiple individuals. They carry the recommendation of staff, and its external professional advisors, for approval.

MEMORANDUM

To: Jay Sweeney, Chief Finance and Administrative Officer 
Stan Eliason, Harbormaster

From: Cliff Richter, P.E., Municipal Engineer 
Stephen Weatherman P.E. Senior Engineer

Date: September 5, 2018

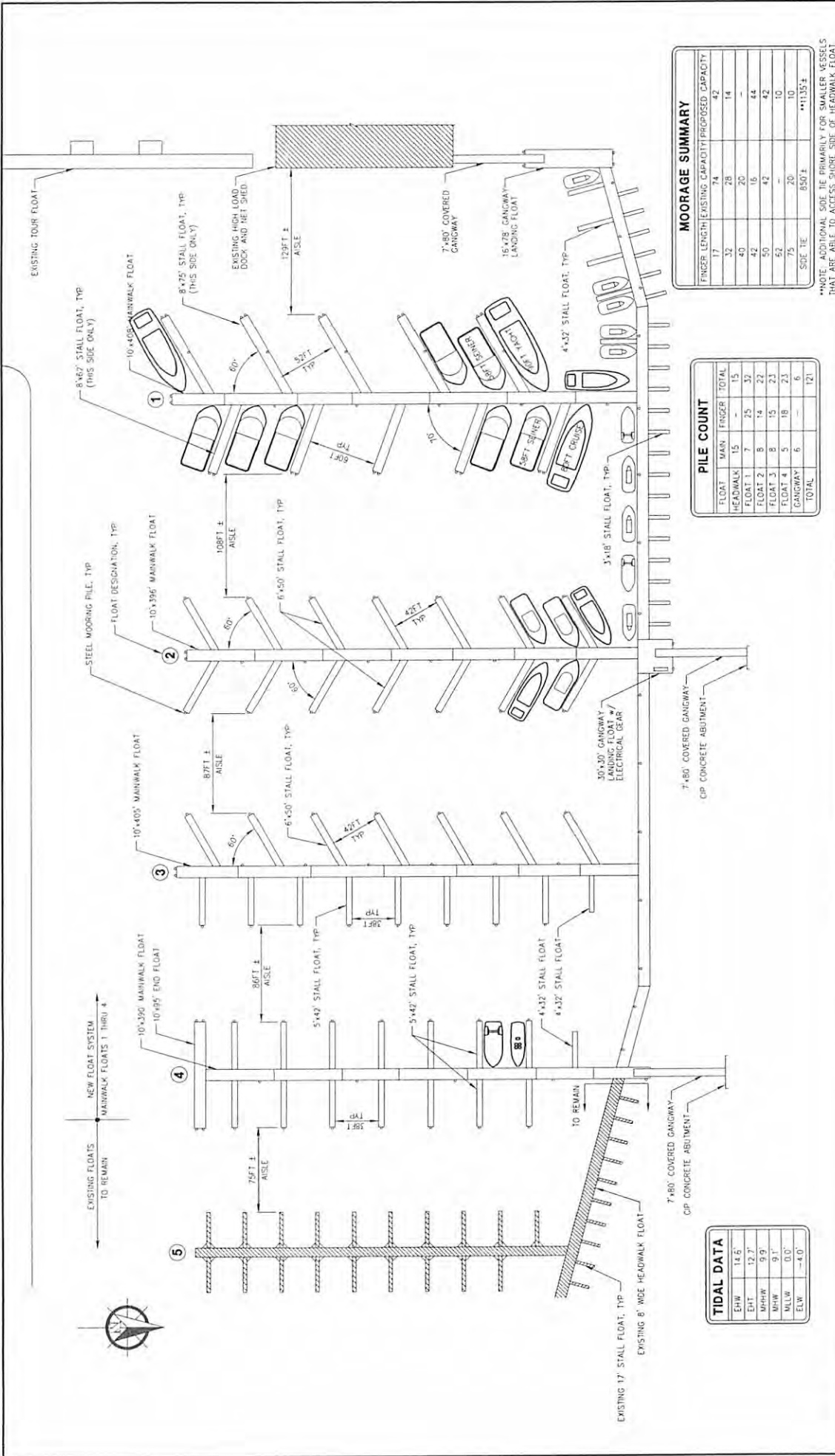
Subject: Bond Ordinance
Crescent Harbor Float Replacement – Phase I

Project Current Status

Public works entered into a contract with PND Engineering to determine the feasibility of the 2012 Harbor Master Plan improvements planned for Crescent Harbor. The report evaluated the harbor and planned improvements. The findings are:

- The replacement of the harbor is required due to the existing floats and walk down ramps reaching the end of their useful life.
- The new layout replaces the existing with a layout similar to existing.
- The existing small finger floats between the walk down ramps are to be deleted because access under the ramps are limited to high tide only.
- The required ADA walk down ramps can be added to the project without loss of moorage slips.
- A robust electrical system is planned to meet current and future needs.
- The project includes domestic water, fire protection, lighting and a sewer pump out station.
- The project report by PND Engineering sets the project budget at \$13,000,000 per the 2012 Harbor Master Plan including a \$5,000,000 State of Alaska Harbor Matching Grant and \$8,000,000 in bonds for the project.

The proposed schedule for construction is to begin in fall 2019 and complete the project in spring 2020.



TIDAL DATA

EHW	14.6'
EAT	12.7'
MHW	9.9'
MWL	9.1'
MLW	0.0'
ELW	-4.0'

PILE COUNT

FLOAT	MAN	FINGER	TOTAL
HEADWALK	15	-	15
FLOAT 1	7	25	32
FLOAT 2	8	14	22
FLOAT 3	8	15	23
FLOAT 4	5	18	23
GANGWAY	6	-	6
TOTAL			121

MOORAGE SUMMARY

FINGER LENGTH	EXISTING CAPACITY	PROPOSED CAPACITY
17'	74	42
32'	28	14
40'	20	-
42'	16	44
50'	42	42
52'	-	10
75'	20	10
SIDE TOTAL	850 ±	113 ±

NOTE: ADDITIONAL SPACE IS AVAILABLE FOR SMALLER VESSELS THAT ARE ABLE TO ACCESS SHORE SIDE OF HEADWALK/FLOAT

SITKA, ALASKA
CRESCENT HARBOR FLOAT
REPLACEMENT - PHASE I

SHEET TITLE: CRESCENT HARBOR
PROJECT NO.: 18-0081
DATE: AUGUST 2018

1
SHEET
OF 1

DESIGN: **PND** CHECKED: **CPS** SCALE: 1" = 40' FT
 DRAWN: **PND** APPROVED: **CPS**

W&P Glacier Highway, Ste 100
 Sitka, Alaska 99801
 Phone: 907-586-2001
 Fax: 907-586-2002
 www.wandp.com

REVISIONS

REV	DATE	DESCRIPTION	DWN	CRD	APP

W&P
or
SITKA
ENGINEERS, INC.
 1000 1ST AVENUE, SUITE 100
 SITKA, ALASKA 99801
 PHONE: 907-586-2001
 FAX: 907-586-2002
 WWW.WANDP.COM



**CRESCENT HARBOR FLOAT REPLACEMENT
ROM BUDGET ESTIMATE**
August 31, 2018



BASE BID

Item	Item Description	Units	Quantity	Unit Cost	Amount
1505.1	Mobilization	LS	All Req'd	\$817,580	\$817,580
2060.1	Demolition and Disposal	LS	All Req'd	\$450,000	\$450,000
2410.1	Wastewater Pumpout System - Salvage & Replace	LS	All Req'd	\$30,000	\$30,000
2601.1	Combined Potable Water and Fire Suppression System	LS	All Req'd	\$425,000	\$425,000
2702.1	Construction Surveying	LS	All Req'd	\$50,000	\$50,000
2718.1	Signage and Assemblies	LS	All Req'd	\$4,000	\$4,000
2894.1	7' x 80' Covered Gangway	EA	3	\$125,000	\$375,000
2895.1	Headwalk Float, 10' x 788'	LS	All Req'd	\$906,200	\$906,200
2895.2	Mainwalk Float 1, 10' x 408'	LS	All Req'd	\$469,200	\$469,200
2895.3	Mainwalk Float 2, 10' x 396'	LS	All Req'd	\$455,400	\$455,400
2895.4	Mainwalk Float 3, 10' x 405'	LS	All Req'd	\$465,750	\$465,750
2895.5	Mainwalk Float 4, 10' x 390'	LS	All Req'd	\$448,500	\$448,500
2895.6	3' x 18' Finger Float	EA	21	\$10,000	\$210,000
2895.7	4' x 32' Finger Float	EA	7	\$18,000	\$126,000
2895.8	6' x 42' Finger Float	EA	22	\$32,000	\$704,000
2895.9	6' x 50' Finger Float	EA	21	\$37,000	\$777,000
2895.10	8' x 62' Finger Float	EA	5	\$57,000	\$285,000
2895.11	8' x 75' Finger Float	EA	5	\$70,000	\$350,000
2895.12	10' x 95' Tee Float	EA	1	\$110,000	\$110,000
2895.13	30' x 30' Gangway Landing Float	LS	All Req'd	\$108,000	\$108,000
2895.14	16' x 78' Gangway Landing Float	LS	All Req'd	\$145,000	\$145,000
2896.1	Steel Pipe Pile, 12 3/4" x 0.500"	EA	89	\$7,800	\$694,200
2896.2	Steel Pipe Pile, 16" x 0.500"	EA	33	\$9,500	\$313,500
2896.3	Pile Socket	EA	40	\$7,500	\$300,000
2897.1	Supply Floatation Builer	EA	50	\$400	\$20,000
2897.2	Install Floatation Builer	EA	50	\$500	\$25,000
2899.1	Life Ring Cabinet and Base	EA	12	\$1,200	\$14,400
2899.2	Fire Extinguisher Cabinet and Base	EA	12	\$1,200	\$14,400
2899.3	Hose Mount and Base	EA	24	\$800	\$19,200
3305.1	Concrete Gangway Abutment - Float 2	LS	All Req'd	\$75,000	\$75,000
3305.2	Concrete Gangway Abutment - Float 4	LS	All Req'd	\$75,000	\$75,000
16000.1	Electrical System - (Option 2)	LS	All Req'd	\$1,690,000	\$1,690,000
16052.1	Electrical Support Assemblies	LS	All Req'd	\$85,000	\$85,000
ESTIMATED CONSTRUCTION BID PRICE					\$11,037,330
CONTINGENCY (6%)					\$662,240
					\$11,699,570
SURVEYING & GEOTECH RESEARCH					\$50,000
PERMITTING, FINAL DESIGN, CONTRACT DOCUMENTS & BID PHASE					\$794,688
CONTRACT ADMINISTRATION & CONSTRUCTION INSPECTION					\$375,269
MARINE MAMMAL OBSERVATIONS					\$75,000
TOTAL RECOMMENDED PROJECT BUDGET					\$12,994,527 \$12,994,527

ADDITIVE ALTERNATE A - Pile Anodes

Item	Item Description	Units	Quantity	Unit Cost	Amount
1505.1A	Mobilization	LS	All Req'd	\$9,615	\$9,615
2996.1A	Supply Pile Anode, Type I	EA	66	\$550	\$36,300
2996.2A	Supply Pile Anode, Type II	EA	178	\$300	\$53,400
2996.3A	Install Pile Anode, All Types	EA	244	\$400	\$97,600
2996.4A	Pile Anode Continuity Testing & Potential Readings	LS	All Req'd	\$5,000	\$5,000
ESTIMATED CONSTRUCTION BID PRICE					\$201,915
CONTINGENCY (4%)					\$8,077
CONTRACT ADMINISTRATION & CONSTRUCTION INSPECTION					\$10,500
TOTAL RECOMMENDED PROJECT BUDGET					\$220,491 \$13,215,018

ADDITIVE ALTERNATE B - XXX

Item	Item Description	Units	Quantity	Unit Cost	Amount
1505.1B	Mobilization	LS	All Req'd	\$0	\$0
ESTIMATED CONSTRUCTION BID PRICE					\$0
CONTINGENCY (10%)					\$0
CONTRACT ADMINISTRATION & CONSTRUCTION INSPECTION					\$0
TOTAL RECOMMENDED PROJECT BUDGET					\$0 \$13,215,018

Notes: No upland improvements included with exception of gangway abutments.

CITY AND BOROUGH OF SITKA, ALASKA
HARBOR FACILITIES REVENUE BONDS, 2018

ORDINANCE NO. 2018-46

AN ORDINANCE of the City and Borough of Sitka authorizing the issuance of a harbor facilities revenue bond in a principal amount not to exceed \$8,600,000 to finance a portion of the cost of certain capital improvements to Sitka's harbor facilities; authorizing the sale of the bond to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance and in a loan agreement authorized to be entered into with the Bond Bank; providing for the date, terms and covenants of the bond; and amending a provision of Ordinance No. 2013-01.

PASSED: _____, 2018

Prepared by:

STRADLING YOCCA CARLSON & RAUTH,
a Professional Corporation
Seattle, Washington

CITY AND BOROUGH OF SITKA, ALASKA

ORDINANCE NO. 2018-46

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CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-46

AN ORDINANCE of the City and Borough of Sitka authorizing the issuance of a harbor facilities revenue bond in a principal amount not to exceed \$8,600,000 to finance a portion of the cost of certain capital improvements to Sitka's harbor facilities; authorizing the sale of the bond to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance and in a loan agreement authorized to be entered into with the Bond Bank; providing for the date, terms and covenants of the bond; and amending a provision of Ordinance No. 2013-01.

WHEREAS, the City and Borough of Sitka, Alaska (the "City"), owns and operates certain facilities of a port and maritime nature used primarily to serve vessels within the City's harbor (as further described herein, the "Harbor Facilities"); and

WHEREAS, the City has established the Harbor Enterprise Fund into which are deposited revenues derived from owning and operating the Harbor Facilities; and

WHEREAS, the City wishes to make certain improvements to Crescent Harbor (as further described herein, the "Project"), which is part of the Harbor Facilities; and

WHEREAS, to pay a portion of the cost of the Project, the City has received a municipal harbor facility grant from the State of Alaska in the amount of \$5,000,000 that requires matching funds from the City; and

WHEREAS, by Resolution No. 2018-16, adopted by the Assembly of the City and Borough of Sitka (the "Assembly") on July 24, 2018, the Assembly authorized the issuance of revenue bonds to provide those matching funds and authorized an application to the Alaska Municipal Bond Bank (the "Bond Bank") to issue the bonds through the Bond Bank; and

WHEREAS, as authorized by Ordinance No. 2013-01, the City issued its Harbor Facilities Revenue Bond, 2013 (the "2013 Bond), through the Bond Bank; and

WHEREAS, the 2013 Bond is payable from and secured by a lien on revenue of the Harbor Enterprise Fund, and Ordinance No. 2013-01 permits the City to issue additional bonds payable from and secured by a parity lien on that revenue, if certain parity conditions are satisfied; and

WHEREAS, the Assembly finds that those parity conditions can be satisfied and that it is in the best interest of the City and users of the Harbor Facilities to issue bonds payable from revenues derived from the Harbor Facilities to provide the required matching funds, fund a reserve account, and pay costs of issuing the bonds and to issue those bonds through the Bond Bank on the terms and conditions set forth in this ordinance and in a loan agreement authorized by this ordinance to be entered into with the Bond Bank by the Administrator; and

WHEREAS, on September 25, 2018, the Assembly held a public hearing on the issuance of the Bond as required by Section 147(f) of the Internal Revenue Code, as amended;

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

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

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

“2013 Bonds” means the Harbor Facilities Revenue Bond, 2013, dated March 12, 2013, as authorized by Ordinance 2013-01, issued in the original amount of \$3,955,000 and currently outstanding in the amount of \$3,270,000.

“Administrator” means the Municipal Administrator of the City or the successor to the duties of that office.

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

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

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

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

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

“Bond” means the City and Borough of Sitka, Alaska, Harbor Facilities Revenue Bond, 2018, authorized to be issued in a principal amount not to exceed \$8,600,000 pursuant to this ordinance.

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

“Bond Fund” means the “City and Borough of Sitka 2013 Harbor Facilities Revenue Bond Redemption Fund,” established pursuant to Ordinance No. 2013-01 to pay and secure payment of Parity Bonds.

“Bond Register” means the registration books for the Bond maintained by the Registrar, for the purpose of complying with the requirements of Section 149 of the Code and listing, *inter alia*, the names and addresses of all Registered Owners of Bond.

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

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

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

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

“Covered Bonds” means the 2013 Bond, the Bond, and any Future Parity Bonds designated in the ordinance authorizing their issuance as Covered Bonds secured by the Reserve Account.

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

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

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

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

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

plus

(b) for outstanding Parity Bonds other than Fixed Rate Bonds, including but not limited to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for the period equal to the amount that would have been payable for principal and interest on these Parity Bonds during that period computed on the assumption that the amount of Parity Bonds as of the date of such computation would be amortized (i) in accordance with the mandatory redemption provisions, if any, set forth in the ordinance authorizing the issuance of such Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (ii) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the City) and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the

certificate required by Section 12 hereof, then within ten days of such certificate, (iii) to provide for approximately level annual debt service of principal and interest over such period.

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

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

“Fish Tax Receipts” means money received by the City from the State of Alaska from proceeds of fisheries business taxes levied pursuant to Chap. 43.75 Alaska Statutes, as amended, the fisheries resource landing taxes levied pursuant to Chap. 43.77 Alaska Statutes, as amended, or any similar or successor state taxes.

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

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

“Future Parity Bonds” means revenue bonds of the City issued after the date of issuance of the Bond that have a lien on Gross Revenue for the payment of the principal thereof and interest thereon equal to the lien on the Gross Revenue for the payment of the principal of and interest on the Bond.

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

“Gross Revenue” means all income and revenue derived by the City from time to time from its ownership or operation of the Harbor Facilities, together with the proceeds received by the City directly or indirectly from the sale, lease or other disposition of any of the properties or rights of the Harbor Facilities, any federal interest subsidy payments received in connection with Parity Bonds (to the extent such payments are not designated as Debt Service Offsets), and any investment income earned on money held in any fund or account of the City, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the Harbor Facilities (but excluding income derived from investments irrevocably pledged to the payment of any specific revenue bonds of the City, such as bonds heretofore or hereafter refunded or defeased, investment income earned on money in any arbitrage rebate account, grants for capital purposes, and non-cash gains with respect to any real or personal property, investment or agreement that may be required to be recognized under generally accepted accounting principles) and excluding any Special Revenue.

“Harbor Enterprise Fund” means the fund of that name previously established in the office of the Chief Finance and Administrative Officer into which all Gross Revenue is deposited.

“Harbor Facilities” means all publicly owned facilities of a port or maritime nature that are used by or for the service of vessels, as further described in Section 13.04.070 of the Sitka Code, as it may be amended from time to time, but shall not include port or maritime facilities that may hereafter be acquired or constructed by the City as an enterprise designated by the Assembly at the time of financing thereof to be separate from the Harbor Facilities, the revenues of which may be designated as Special Revenue pledged to the payment of bonds issued to purchase, construct or otherwise acquire or expand that separate enterprise.

“Loan Agreement” means the Loan Agreement by and between the City and the Bond Bank authorized to be entered into pursuant to Section 19 of this ordinance.

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

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

“Operating Expenses” mean the City’s expenses for operating and maintaining the Harbor Facilities, and ordinary repairs, renewals, replacements and reconstruction of the Harbor Facilities, including payments into reasonable reserves in the Harbor Enterprise Fund for items of operation and maintenance the payment for which is not immediately required, and shall include, without limiting the generality of the foregoing, rents, administrative and general expenses; engineering expenses; legal and financial advisory expenses; required payments to pension, retirement, health and hospitalization funds; insurance premiums; and any taxes, assessments, payments in lieu of taxes or other lawful governmental charges, all to the extent properly allocable to the Harbor Facilities; and the fees and expenses of the Registrar. Operating Expenses shall not include any costs or expenses for new construction, interest, amortization, non-cash losses or costs with respect to any real or personal property, investment or agreement that may be required to be recognized under generally accepted accounting principles, including but not limited to depreciation expense and unrealized mark-to-market losses.

“Parity Bonds” means the 2013 Bond, the Bond, and any Future Parity Bonds.

“Permitted Investments” means any investments permitted for City funds under Alaska law, subject to any limitations imposed by the Bond Bank.

“Project” means the Crescent Harbor Reconstruction Phase 1, as more fully described in Section 4 of this ordinance.

“Project Fund” means Fund #752 Crescent Harbor Revenue Bond in the records maintained by the Chief Finance and Administrative Officer.

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

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

“Rate Stabilization Account” means the account of that name within the Harbor Enterprise Fund.

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

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

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

“Reserve Account” means the Reserve Account authorized to be created within the Bond Fund pursuant to Section 9 of this ordinance.

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

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

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

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

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

“SEC” means the Securities and Exchange Commission.

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

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

“Special Revenue” means the rentals, fees, charges and other revenue derived from maritime facilities of the City the acquisition or construction of which has been financed by the issuance of revenue bonds payable from and secured by a pledge of those rentals, fees, charges and other revenues and not payable from and secured by a pledge of Gross Revenue.

“Tax Certificate” means the certificate with respect to federal tax matters relating to the Bond authorized to be executed by the Chief Finance and Administrative Officer or his designee pursuant to the provisions of Section 14 of this ordinance.

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

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

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

Section 3. Findings; Compliance with Parity Conditions. The Council hereby finds and determines, as required by Section 11(b) of Ordinance No. 2013-01 (the “Parity Conditions”), as follows:

(a) At the time of adoption of this ordinance and at the time of the issuance and delivery of the Bond, there is not nor will there be any deficiency in the Bond Fund or any of the accounts therein.

(b) This ordinance includes the covenants set forth in Section 10 of Ordinance 2013-01 and provides that the Reserve Requirement will be funded on the date of delivery of the Bond.

(c) At the time of delivery of the Bond, the City will have on file either (i) a certificate of the City showing that Net Revenue (which may be based on unaudited financial statement of the City) equals at least 125% of the maximum Annual Debt Service for all Parity Bonds then outstanding plus the Bond; or (ii) a certificate of a Consultant dated not earlier than 90 days prior to the date of delivery of the Bond and showing that the Net Revenue (determined and adjusted as provided in the Parity Conditions) will equal at least 125% of the maximum annual Debt Service on all Parity Bonds then outstanding, including the Bond.

The Parity Conditions having been complied with or assured, the payments required in this ordinance to be made out of the Harbor Enterprise Fund into the Bond Fund and the Reserve Account shall constitute a lien and charge upon the money in the Harbor Enterprise Fund equal to the lien and charge thereon for the payments required to be made into the Bond Fund to pay and secure the payment of the principal of and interest on the 2013 Bond.

Section 4. The Project. As described in Resolution No. 2018-16, the Assembly finds that the deterioration of infrastructure at Crescent Harbor requires the City to undertake the following improvements as part of the Crescent Harbor Reconstruction Phase 1: replacing floats and ramps, replacing and upgrading existing potable water, fire protection, electrical and lighting infrastructure, and making ADA accessible improvements (the “Project”). The Assembly further finds that it is in the best interest of the City and ratepayers of the Harbor Facilities that a portion of the cost of the Project be financed from proceeds of the Bond.

The cost of all necessary planning, legal, architectural, engineering, design and other consulting services, inspection and testing, administrative and relocation expenses, on- and off-site utilities, purchases of equipment, and other costs incurred in connection with the Project shall be deemed a part of the cost of the Project. The City will determine the extent and specifications for the Project.

The City will determine the application of available funds among the various components of the Project to accomplish, as nearly as may be, the entire Project. If proceeds of sale of the Bond, plus the expected municipal harbor facility grant and any other money of the City legally available for such purpose, are insufficient to accomplish all of the Project, the City will use the available funds to accomplish those components of the Project that the Assembly deems most necessary and in the best interest of the City.

If the City determines that it has become impracticable to accomplish one or more components of the Project because of changed conditions, incompatible development, or costs substantially in excess of those estimated, the City shall not be required to accomplish such component or components and may apply the Bond proceeds to other components of the Project.

If the entire Project has been constructed or duly provided for, or found to be impracticable, and Bond proceeds remain available, the Assembly may apply Bond proceeds to other capital repairs or improvements to the Harbor Facilities or to retiring the Bond.

Section 5. Authorization of Bond. The City shall now issue and sell not to exceed \$8,600,000 principal amount of Harbor Facilities revenue bonds to provide funds to pay a portion of the cost of the Project. The bonds shall be issued to the Bond Bank as a single bond to be designated as the “City and Borough of Sitka Harbor Facilities Revenue Bond,” with such year and series

designation as may be appropriate. The Bond shall be dated the date of its sale and delivery to the Bond Bank, in accordance with Section 19 hereof, shall be fully registered as to both principal and interest, shall be numbered in such manner and with any additional designation as the Registrar deems necessary for purposes of identification and control, shall bear interest at the rate or rates, shall mature on the date or dates and shall be paid in installments in the principal amounts and on the dates to be determined in accordance with Section 19 hereof. Interest on the Bond shall be calculated based on a 360-day year of twelve 30-day months.

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

Section 6. Registration, Payment and Transfer. The Chief Finance and Administrative Officer shall act as authenticating agent, transfer agent, paying agent and registrar for the Bond (collectively, the "Registrar"). Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Interest on the Bond shall be paid by check or draft of the Registrar mailed (on the date such interest is due) to the Registered Owner or nominee at the addresses appearing on the Bond Register on the fifteenth day of the month preceding each interest payment date. Principal of the Bond shall be payable upon presentation and surrender of the Bond to the Registrar by the Registered Owner or nominee at the office of the Registrar in Sitka, Alaska. Notwithstanding the foregoing, if the Bond is sold to the Bond Bank pursuant to the provisions of Section 19 of this ordinance, and for so long as the Bond Bank is the owner of the Bond, payments of principal of and interest on the Bond shall be made to the Bond Bank in accordance with the Loan Agreement.

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

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

Section 7. Prepayment. Provisions for the optional prepayment of some or all principal installments of the Bond may be established pursuant to Section 19 and shall be set forth in the Loan Agreement. Portions of the principal amount of the Bond, in increments of \$5,000 or any integral multiple of \$5,000, may be prepaid.

So long as the Bond Bank is the owner of the Bond, notice of prepayment shall be given according to the terms of the Loan Agreement. If the Bond Bank is not the owner of the Bond, notice of prepayment shall be given not less than 30 nor more than 60 days prior to the date fixed for prepayment by first class mail, postage prepaid, to the Registered Owner of the Bond at the address appearing on the Bond Register. The requirements of this section shall be deemed complied with

when notice is mailed as herein provided, regardless of whether it is actually received by the owner of the Bond. Each official notice of prepayment shall be dated and shall state: (i) the prepayment date, (ii) the prepayment price or prepayment premium, if any, payable upon such prepayment; (iii) if less than all of an installment of principal is to be prepaid, the principal amount to be prepaid (which must be an integral multiple of \$5,000); (iv) that the interest on the Bond, or on the principal amount thereof to be prepaid, designated for prepayment in such notice, shall cease to accrue from and after such prepayment date; and (v) that on such date there will become due and payable on the Bond the principal amount thereof to be prepaid and the interest accrued on such principal amount to the prepayment date.

Section 8. Harbor Enterprise Fund.

(a) *Harbor Enterprise Fund.* There has heretofore been established in the office of the Chief Finance and Administrative Officer a separate enterprise fund of the City designated as the “Harbor Enterprise Fund” (the “Harbor Enterprise Fund”). All Gross Revenue shall be deposited in the Harbor Enterprise Fund. Notwithstanding the foregoing, the Chief Finance and Administrative Officer may maintain separate funds and accounts in such names and under such additional designations as may be required to comply with City practices and Alaska law.

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

First, to pay the Operating Costs;

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

Third, to make all payments required to be made into the Reserve Account for Covered Bonds and to any reserve account created in the future for the payment of debt service on Future Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance has been issued to fund the Reserve Requirement or the reserve requirement(s) for any Future Parity Bonds and the ordinance authorizing those Future Parity Bonds provides for such reimbursement;

Fourth, to make all payments required to be made into any revenue bond redemption fund or revenue warrant redemption fund and debt service account or reserve account created to pay and secure the payment of the principal of and interest on any other revenue bonds or revenue warrants of the City having a lien on Gross Revenue junior and inferior to the lien thereon to pay or secure the payment of Parity Bonds; and

Fifth, to retire by redemption or purchase any outstanding revenue bonds or revenue warrants of the City, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Harbor Facilities, to make deposits into the Rate Stabilization Account, or for any other lawful City purposes.

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

(c) *Rate Stabilization Account.* The Chief Finance and Administrative Officer is hereby authorized to establish a Rate Stabilization Account within the Harbor Enterprise Fund. The City may make payments into the Rate Stabilization Account from the Harbor Enterprise Fund at any time. Money in the Rate Stabilization Account may be withdrawn at any time for deposit into the Harbor Enterprise Fund and used for the purposes for which Gross Revenue may be used. Amounts withdrawn from the Rate Stabilization Account and deposited into the Harbor Enterprise Fund shall increase Gross Revenue for the period in which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce Gross Revenue for the period during which they are deposited. Credits to or from the Rate Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within that fiscal year. Earnings on the Rate Stabilization Account shall be credited to the Harbor Enterprise Fund.

Section 9. Bond Fund. A special fund of the City known as the “City and Borough of Sitka 2013 Harbor Facilities Revenue Bond Redemption Fund” (the “Bond Fund”) has heretofore been established in the office of the Chief Finance and Administrative Officer. Within the Bond Fund, the Chief Finance and Administrative Officer has established the Debt Service Account and the Reserve Account. The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Parity Bonds.

(a) *Payments into Debt Service Account.* As long as any Parity Bond remains outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay into the Debt Service Account out of money in the Harbor Enterprise Fund or any other funds of the City legally available for this purpose, on or before the date due is provided in the Loan Agreement, the amounts necessary, together with money already in the Debt Service Account, to pay the principal of, premium, if any, and interest on the Bond as the same become due and payable.

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

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

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

(b) *The Reserve Account.* The Reserve Account shall be maintained as a common reserve, securing the payment of the principal of and interest on the 2013 Bond, the Bond, and any Future Parity Bonds that are designated as Covered Bonds in the ordinance authorizing their issuance (inclusively, “Covered Bonds”). Prior to or upon the issuance of the Bond, the City will deposit into the Reserve Account funds sufficient to satisfy the Reserve Requirement for the Bond. The City

covenants and agrees that from and after the closing and delivery of the Bond, it will at all times maintain an amount in the Reserve Account at least equal to the Reserve Requirement, except for withdrawals therefrom authorized by this ordinance, so long as any Covered Bonds remain outstanding. The Reserve Requirement may be maintained by deposits of cash, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. All amounts other than a Qualified Letter of Credit or Qualified Insurance held in the Reserve Account shall be invested solely in Permitted Investments. In computing the amount on hand in the Reserve Account, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other Reserve Account investments shall be valued as provided in (d) below. As used herein, the term "cash" includes U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check. The deposit to the Reserve Account may be satisfied initially by the transfer of qualified investments to that account.

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

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

In making the payments and credits to the Reserve Account required by this Section 9(b), to the extent that the City has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Reserve Account such amounts so covered by Qualified Insurance or a Qualified Letter of Credit will be credited against the amounts required to be maintained in the Reserve Account by this Section 9(b) to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution; provided, however, that no such credit shall apply if such insurance company or financial institution is not rated in one of the three highest Rating Categories by two Rating Agencies.

Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up within one year of the date of withdrawal from Net Revenue (or out of any other money on hand legally available for such purpose) after making necessary provision for the payments required to be made by paragraphs First and Second in Section 8 of this ordinance. Any deficiency created in the Reserve Account by reason of any such credit downgrade shall then be made up (1) by

obtaining substitute Qualified Insurance or Qualified Letter of Credit within one year of the date of such downgrade or (2) from Net Revenue (or out of any other money on hand legally available for such purpose), in no more than five approximately equal annual deposits, after making necessary provision for the payments required to be made by paragraphs First and Second in Section 8 of this ordinance.

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

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

(c) *Priority of Lien of Payments into Bond Fund and Reserve Account.* The amounts so pledged to be paid into the Bond Fund and the accounts therein from the Harbor Enterprise Fund are hereby declared to be a prior lien and charge on the Gross Revenue superior to all other charges of any kind or nature whatsoever except the Operating Costs and equal in rank to the lien and charge on Gross Revenue to pay and secure the payment of any Future Parity Bonds.

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

(e) *Sufficiency of Revenues.* The Assembly hereby finds that in fixing the amounts to be paid into the Bond Fund and the accounts therein out of Gross Revenue, it has exercised due regard for the Operating Costs and has not obligated the City to set aside and pay into the Bond Fund and the accounts therein a greater amount of such revenue than in its judgment will be available over and above the Operating Costs.

Section 10. Defeasance. If money and/or Government Obligations, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire the Bond or a portion thereof in accordance with its terms, are set aside in a special account to effect such prepayment and retirement, and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Bond or portion thereof so provided for, and such Bond or portion thereof shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the money so set aside and pledged, and such Bond or portion thereof shall be deemed not to be outstanding hereunder.

Section 11. Specific Covenants.

(a) *Rate Covenant.* The City will establish, maintain and collect moorage fees and other rates and charges for the use of the Harbor Facilities for so long as the Bond is outstanding that will provide in any fiscal year hereafter Net Revenue, taking into account (A) transfers from the Rate Stabilization Account in accordance with Section 8(c) and (B) any Fish Tax Receipts or other City funds deposited in the Harbor Enterprise Fund and available to pay debt service on Parity Bonds, in an amount equal to at least 125% of the Debt Service required to be paid in that fiscal year on the outstanding Parity Bonds.

The City will cause the rate coverage calculation described in this Section 11(a) to be made no later than 90 days following the end of each fiscal year. Failure to collect Gross Revenue in any fiscal year sufficient to comply with the rate covenant set forth in this Section 11(a) will not constitute an Event of Default under this ordinance if, before the 180th day of the following fiscal year, the City:

(1) employs a Consultant to recommend changes in moorage fees and other rates and charges for the use of Harbor Facilities that are estimated to produce Gross Revenue sufficient to satisfy the rate covenant set forth in this Section 11(a); and

(2) imposes moorage fees and other rates and charges for the use of Harbor Facilities at least as high as those recommended by the Consultant that will become effective at the time or times so recommended.

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

(c) *Disposal of Properties.* The City will not mortgage, sell, lease, or in any manner encumber or dispose of all or substantially all the property of the Harbor Facilities (voluntarily or involuntarily), unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of, premium, if any, and interest on all outstanding Parity Bonds, nor will it mortgage, sell, lease, or in any manner encumber or dispose of (including but not limited to a disposition by transfer to another public or private organization) voluntarily or involuntarily any part of the Harbor Facilities that is used, useful and material to the operation of the Harbor Facilities unless

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

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

(A) the Net Revenue available for Debt Service for such outstanding Parity Bonds for the 12 months preceding such sale, lease, encumbrance or disposal from the portion

of the Harbor Facilities sold, leased, encumbered or disposed of bears to the Net Revenue available for Debt Service for such Parity Bonds from the entire Harbor Facilities for the same period;

(B) the Gross Revenue for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the Harbor Facilities sold, leased, encumbered or disposed of bears to the Gross Revenue for the same period; or

(C) the proportion of assets (on a depreciated basis) allocable to the assets being sold, leased, encumbered or disposed of bears to the total assets of the Harbor Facilities,

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

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

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

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

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

Section 12. Issuing Future Parity Bonds.

(a) *No Senior Lien Bonds.* The City hereby covenants and agrees with the owner of the Bond that the City will hereafter issue no bonds with a lien on Gross Revenue superior to the lien thereon of the Bond.

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

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

(2) The ordinance authorizing the issuance of Future Parity Bonds will include the covenants provided in Section 11 hereof and provide that the Reserve Requirement will be funded no later than the date of delivery of the Future Parity Bonds; and

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

(c) *Certificate of the City Without A Consultant.* If required pursuant to subsection (b)(3) above, a certificate may be delivered by the City, executed by the Chief Finance and Administrative Officer without a Consultant, showing that Net Revenue (which may be based on unaudited financial statements of the City if the audit has not yet been completed) for the Base Period plus any Fish Tax Receipts deposited in the Harbor Enterprise Fund during the Base Period that are available to pay Debt Service on Parity Bonds equals at least 125% of the maximum Annual Debt Service for all Parity Bonds then outstanding plus the proposed Future Parity Bonds.

(d) *Certificate of a Consultant.* If required pursuant to subsection (b)(3) above, a certificate of a Consultant may be delivered by the City showing that Net Revenue for the Base Period plus any Fish Tax Receipts deposited in the Harbor Enterprise Fund during the Base Period that are available to pay Debt Service on Parity Bonds, equals at least 125% of the maximum Annual Debt Service for all Parity Bonds then outstanding plus the proposed Future Parity Bonds. In calculating Net Revenue for this certificate, the Consultant may rely on unaudited financial statements of the City if the audit has not yet been completed for the Base Period. Such Net Revenue may be adjusted to take into consideration changes in Net Revenue estimated to occur under one or more of the following conditions after delivery of the proposed Future Parity Bonds:

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

(2) any increase or decrease in Net Revenue estimated by such engineer or accountant to result from any additions, betterments and improvements to and extensions of any facilities of the Harbor Facilities that (a) became fully operational after the beginning of the Base

Period, (b) were under construction at the time of such certificate, or (c) will be constructed from the proceeds of the Future Parity Bonds to be issued;

(3) the additional Net Revenue that would have been received if any customers added to the Harbor Facilities after the beginning of the Base Period had been customers for the entire period.

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

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

(1) if the Future Parity Bonds are being issued to refund Parity Bonds and the Annual Debt Service for such Future Parity Bonds does not in any year exceed the Annual Debt Service for that year of the Parity Bonds being refunded by more than \$5,000; or

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

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

Section 13. Junior Lien Bonds. Nothing herein contained shall prevent the City from issuing revenue bonds or other obligations that are a charge upon the Gross Revenue junior or inferior to the payments required by this ordinance to be made out of such Revenue to pay and secure the payment of any outstanding Parity Bonds. Such junior or subordinate obligations may not be subject to acceleration. This prohibition against acceleration does not prohibit mandatory tender or other tender provisions with respect to variable rate obligations.

Section 14. Tax Covenants.

(a) *General.* The City covenants not to take any action, or knowingly to omit to take any action within its control, that if taken or omitted would cause the interest on the Bond to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes.

(b) *Tax Certificate.* Upon the issuance of the Bond, the Chief Finance and Administrative Officer or his designee is authorized to execute a federal tax certificate (the "Tax Certificate"), which will certify to various facts and representations concerning the Bond, based on the facts and estimates known or reasonably expected on the date of their issuance, and make certain covenants with respect to the Bond as may be necessary or desirable to obtain or maintain the

benefits conferred under the Code relating to tax-exempt bonds. The City covenants that it will comply with the Tax Certificate unless it receives advice from nationally recognized bond counsel or the Internal Revenue Service that certain provisions have been amended or no longer apply to the Bond.

(c) *Arbitrage Covenant.* The City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Bond or any other funds of the City that may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code that will cause the Bond to be an “arbitrage bond” within the meaning of that term in Section 148 of the Code. The City will comply with the requirements of Section 148 of the Code throughout the term of the Bond.

Section 15. Form of the Bond. The Bond shall be in substantially the following form:

NO. _____ \$ _____

UNITED STATES OF AMERICA

STATE OF ALASKA

CITY AND BOROUGH OF SITKA
HARBOR FACILITIES REVENUE BOND, 2018

INTEREST RATE:

FINAL MATURITY DATE:

SEE BELOW

REGISTERED OWNER: ALASKA MUNICIPAL BOND BANK

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

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

Principal Installment Payment Year (_____ 1)	Principal Installment Amount	Interest Rate	Principal Installment Payment Year (_____ 1)	Principal Installment Amount	Interest Rate
_____	_____	_____	_____	_____	_____

Principal Installment Payment Year (_____ 1)	Principal Installment Amount	Interest Rate	Principal Installment Payment Year (_____ 1)	Principal Installment Amount	Interest Rate
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Both principal of and interest on this bond are payable solely from the special fund of the City known as the City and Borough of Sitka 2013 Harbor Facilities Parity Bond Redemption Fund (the "Bond Fund"). Payments of principal of and interest on this bond shall be made in lawful money of the United States of America. Installments of principal of and interest on this bond are payable by check or draft of the Chief Finance and Administrative Officer of the City (the "Registrar") mailed on the date such interest is due to the Registered Owner at the address appearing on the Bond Register as of the fifteenth day of the month preceding the interest payment date. The final installment of principal of and interest on this bond shall be paid to the Registered Owner upon presentation and surrender of this bond at the office of the Registrar. Notwithstanding the foregoing, so long as the Bond Bank is the Registered Owner of this bond, payments of principal of and interest on this bond shall be made to the Bond Bank in accordance with the Loan Agreement.

This bond is issued pursuant to Ordinance No. _____, passed _____, 2018 (the "Bond Ordinance"), to provide funds to finance the cost of capital improvements to Harbor Facilities. Capitalized terms used in this bond and not otherwise defined herein shall have the meanings given such terms in the Bond Ordinance.

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

The City does hereby pledge and bind itself to set aside from the Harbor Facilities Harbor Enterprise Fund of the City created by Ordinance No. 2013-01, and to pay into the Bond Fund and the Accounts therein, the various amounts required by the Bond Ordinance to be paid into and maintained in said Fund and Accounts, all within the times provided by the Bond Ordinance. The City has further pledged and bound itself to pay into the Harbor Enterprise Fund as collected, all Gross Revenue.

The amounts so pledged to be paid out of the Harbor Enterprise Fund into the Bond Fund and Accounts therein are hereby declared to be a prior lien and charge upon money in the Harbor Enterprise Fund superior to all other charges of any kind or nature except Operating Costs and equal in rank to the lien and charge on the money in the Bond Fund to pay and secure the payment of the 2013 Bond and any Future Parity Bonds.

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

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

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

IN WITNESS WHEREOF, the City and Borough of Sitka, Alaska, has caused this bond to be signed on behalf of the City with the manual or facsimile signature of the Mayor, to be attested by the manual or facsimile signature of the Clerk, and the seal of the City to be imprinted or impressed hereon, as of this ____ day of _____, 2018.

CITY AND BOROUGH OF SITKA,
ALASKA

By _____/s/_____
Mayor

[SEAL]

ATTEST:

/s/_____
Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This is the City and Borough of Sitka, Alaska, Harbor Facilities Revenue Bond, 2018, dated _____, 2018, as described in the Bond Ordinance.

Chief Finance and Administrative Officer,
City and Borough of Sitka, Alaska, as
Registrar

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF
TRANSFeree

(Please print or typewrite name and address, including zip code of Transferee)

the within bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ of _____, or its successor, as agent to transfer said bond on the books kept by the Registrar for registration thereof, with full power of substitution in the premises.

DATED: _____.

SIGNATURE GUARANTEED:

NOTE: The signature of this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Section 16. Execution of the Bond. The Bond shall be signed on behalf of the City by the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile signature of the Clerk, and the seal of the City shall be impressed or imprinted thereon.

Only a Bond that bears thereon a Certificate of Authentication in the form set forth in Section 15 hereof, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. The Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated, registered, and delivered hereunder and is entitled to the benefits of this ordinance.

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

Section 17. Lost or Destroyed Bond. If the Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver a new Bond of like amount, date, and tenor to the Registered Owner upon such owner's paying the expenses and charges of the City in connection with preparation and authentication of the replacement Bond and upon his or her filing with the Registrar evidence satisfactory to the Registrar that the Bond was actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the City with indemnity satisfactory to the Registrar.

Section 18. Application of Bond Proceeds. Fund #752 Crescent Harbor Revenue Bond (the "Project Fund") has been established by the Chief Finance and Administrative Officer. At the time of delivery of the Bond, proceeds of the Bond shall be deposited as follows:

(a) The accrued interest, if any, to the date of delivery shall be deposited in the Bond Fund and used to pay a portion of interest on the Bond on the first interest payment date;

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

(c) The remaining proceeds of the Bond shall be deposited in the Project Fund and used to pay costs of the Project and costs of issuance of the Bond.

Money remaining in the Project Fund after all such costs have been paid or reimbursed shall be applied to other capital improvements of the Harbor Facilities. Money in the Project Fund may be invested as permitted by law. All interest earned and profits derived from such investments shall be retained in and become a part of the Project Fund.

Section 19. Sale of the Bond. The Administrator and the Chief Finance and Administrative Officer are authorized to complete the sale of the Bond to the Bond Bank on terms and conditions consistent with this ordinance and a loan agreement in substantially the form set forth on Attachment A attached to this resolution (the "Loan Agreement"). Following the sale of the Bond Bank Bonds, certain terms of the Bond, including the final principal amount, date, principal installment payment schedule, interest rates and prepayment provisions, all as provided for in this ordinance, will be set forth in the Loan Agreement, subject to the approval of the Administrator or Chief Finance and Administrative Officer or his designee, which approval will be conclusively evidenced by the signing and delivery of the Loan Agreement to the Bond Bank. The proper officials of the City and their agents and representatives are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bond to the Bond Bank in accordance with the provisions of this ordinance and the Loan Agreement.

Section 20. Events of Default.

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

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

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

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

(4) If the City defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the City contained in this ordinance and such default or defaults continues for a period of 90 days after the City receives from a representative of (a) owners of not less than 66% in principal amount of the Parity Bonds then outstanding or (b) the

Bond Bank, if the Bond Bank is then the registered owner of any of the Parity Bonds, a written notice specifying and demanding the cure of such default;

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

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

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

Section 21. Remedies Available for an Event of Default.

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

The owners of not less than 66% in principal amount of the Parity Bonds at the time outstanding (the "Majority Bondowners"), or their attorneys-in-fact duly authorized, may on behalf of the owners of all of the Parity Bonds waive any past default under this ordinance and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Parity Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

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

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

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

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

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

Section 22. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City may now or in the future be an “obligated person” with respect to the Bond Bank Bonds. In accordance with the Rule and as the Bond Bank may require, the City will undertake to provide certain annual financial information and operating data as may be set forth in the Loan Agreement.

Section 23. Amending Ordinance No. 2013-01. Because the Bond Bank does not require certain provisions in Ordinance No. 2013-01 relating to the value of investments of funds in the Reserve Account, Section 8(d) of Ordinance No. 2013-01 is hereby amended by deleting those provisions, as follows(deletions are stricken):

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

~~For the purpose of determining the amount credited to the Reserve Account, investments in the Reserve Account shall be valued at the market value thereof. The term "market value" means, in the case of securities that are not then currently redeemable at the option of the owner, the current bid quotation for such securities, as reported to the City by such sources it selects, and the current redemption value in the case of securities that are then redeemable at the option of the owner. For obligations that mature within six months, the market value will be the par value thereof. The valuation of the amount in the Reserve Account shall be made by the City as of the close of business on each December 31 (or on the preceding business day if December 31 does not fall on a business day) and on each June 30 (or on the preceding business day if June 30 does not fall on a business day).~~

Section 24. General Authorization; Prior Acts. The Mayor, Administrator, Chief Finance and Administrative Officer and Clerk of the City and any other appropriate officers of the City are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 25. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

Section 26. Effective Date. This ordinance shall be in full force and effect 30 days after its adoption by the Assembly.

READ FOR THE FIRST TIME at a regular meeting of the Assembly held on _____, 2018.

PASSED AND APPROVED by the Assembly of the City and Borough of Sitka, Alaska, on _____, 2018.

CITY AND BOROUGH OF SITKA,
ALASKA

By _____
Matthew Hunter, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

ATTACHMENT A

FORM OF LOAN AGREEMENT

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

W I T N E S S E T H:

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

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

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

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

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

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

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

WHEREAS, on _____, 2018 the Board adopted Series Resolution No. 20__-__ (the "Series Resolution" and together with the General Bond Resolution, the "Bond Resolution"), authorizing the Bank to, among other things, issue the Bank's General Obligation Bonds, 2018 Series _____ (the "2018 Series _____ Bonds"), make the Loan to the [City][Borough] and purchase the [City's][Borough's] Municipal Bond.

NOW, THEREFORE, the parties agree as follows:

1. The Bank hereby makes the Loan, and the [City] [Borough], hereby accepts the Loan in the principal amount of \$_____. As evidence of the Loan made to the [City] [Borough] and such money borrowed from the Bank by the [City] [Borough], the [City] [Borough] hereby agrees to sell to the Bank the Municipal Bond in the principal amount, with the principal installment payments, and bearing interest from its date at the rate or rates per annum, stated in Exhibit A.

2. The [City] [Borough] represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including [Ordinance] [Resolution] No. _____, adopted on _____, 20__ (the “[City] [Borough] [Ordinance] [Resolution]”). The [City][Borough] further represents to the Bank that the [City][Borough] has taken or will take all other proceedings required by law to enable it to enter into this Loan Agreement and to issue its Municipal Bond to the Bank and that the Municipal Bond will constitute [a general obligation bond, secured by the full faith and credit] [a revenue bond, secured by a special and limited obligation] of the [City] [Borough], all duly authorized by the [City] [Borough] [Ordinance] [Resolution].

The [City][Borough] represents that the [City][Borough] [Resolution] [Ordinance] is in full force and effect and has not been amended, supplemented or otherwise modified, other than as may have been previously certified by the [City][Borough] to the Bank.

3. Subject to any applicable legal limitations, the amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing interest due on its Municipal Bond (the “Municipal Bond Interest Payments”) shall be computed at the same rate or rates of interest borne by the corresponding maturities of the bonds sold by the Bank in order to obtain the money with which to make the Loan and to purchase the Municipal Bond (the “Loan Obligations”) and shall be paid by the [City] [Borough] [for revenue obligations in monthly installments] at least seven (7) Business Days before the Interest Payment Date to provide funds sufficient to pay interest as the same becomes due on the Loan Obligations.

4. The amounts to be paid by the [City] [Borough] pursuant to this Loan Agreement representing principal due on its Municipal Bond (the “Municipal Bond Principal Payments”), shall be paid [for revenue obligations, in monthly installments on the dates and in amounts sufficient] to provide at least seven (7) Business Days before the payment date stated in the Municipal Bond funds sufficient to pay the principal of the Loan Obligations as the same matures based upon the maturity schedule stated in Exhibit A.

5. In the event the amounts referred to in Sections 3 and 4 hereof to be paid by the [City] [Borough] pursuant to this Loan Agreement are not made available at any time specified herein, the [City] [Borough] agrees that any money payable to it by any department or agency of the State may be withheld from it and paid over directly to the Trustee acting under the General Bond Resolution, and this Loan Agreement shall be full warrant, authority and direction to make such payment upon notice to such department or agency by the Bank, with a copy provided to the [City] [Borough], as provided in the Act.

6. In the event that all or a portion of the Loan Obligations have been refunded and the interest rates the Bank is required to pay on its refunding bonds in any year are less than the interest rates payable by the [City] [Borough] on the Municipal Bond for the corresponding year pursuant to the terms of the Municipal Bond, then both the Municipal Bond Interest Payments and the Municipal Bond Principal Payments will be adjusted in such a manner that (i) the interest rate paid by the [City] [Borough] on any principal installment of the Municipal Bond is equal to the interest rate paid by the Bank on the corresponding principal installment of the Bank’s refunding bonds and (ii) on a present value basis the sum of the adjusted Municipal Bond Interest Payments and Municipal Bond Principal

Payments is equal to or less than the sum of the Municipal Bond Interest Payments and Municipal Bond Principal Payments due over the remaining term of the Municipal Bond as previously established under this Loan Agreement. In the event of such a refunding of the Loan Obligations, the Bank shall present to the [City] [Borough] for the [City's] [Borough's] approval, a revised schedule of principal installment amounts and interest rates for the Municipal Bond. If approved by the [City] [Borough] the revised schedule shall be attached hereto as Exhibit A and incorporated herein in replacement of the previous Exhibit A detailing said principal installment amounts and interest rates.

7. The [City] [Borough] is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the [City] [Borough] shall be in an amount sufficient, together with the [City's] [Borough's] Allocable Proportion (as defined below) of other money available therefor under the provisions of the Bond Resolution, and other money available therefor, including any specific grants made by the United States of America or any agency or instrumentality thereof or by the State or any agency or instrumentality thereof and amounts applied therefor from amounts transferred to the Operating Fund pursuant to Section 606 of the General Bond Resolution:

(a) to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the Administrative Expenses of the Bank; and

(b) to pay, as the same become due, the [City's] [Borough's] Allocable Proportion of the fees and expenses of the Trustee and paying agent for the Loan Obligations.

The [City's] [Borough's] Allocable Proportion as used herein shall mean the proportionate amount of the total requirement in respect to which the term is used determined by the ratio that the principal amount of the Municipal Bond outstanding bears to the total of all Loans then outstanding to all Governmental Units under the General Bond Resolution, as certified by the Bank. The waiver by the Bank of any fees payable pursuant to this Section 7 shall not constitute a subsequent waiver thereof.

8. The [City] [Borough] is obligated to make the Municipal Bond Principal Payments scheduled by the Bank. The first such Municipal Bond Principal Payment is due at least seven (7) Business Days prior to each date indicated in Exhibit A, and thereafter on the anniversary thereof each year. The [City] [Borough] is obligated to make the Municipal Bond Interest Payments scheduled by the Bank on a semi-annual basis commencing seven (7) Business Days prior to each date indicated in Exhibit A, and to pay any Fees and Charges imposed by the Bank within 30 days after receiving the invoice of the Bank therefor.

9. The Bank shall not sell and the [City] [Borough] shall not redeem prior to maturity any portion of the Municipal Bond in an amount greater than the related Loan Obligations which are then outstanding and which are then redeemable, and in the event of any such sale or redemption, the same shall be in an amount not less than the aggregate of (i) the principal amount of the Municipal Bond (or portion thereof) to be redeemed, (ii) the interest to accrue on the Municipal Bond (or portion thereof) to be redeemed to the next redemption date thereof not previously paid, (iii) the premium, if any, payable on the Municipal Bond (or portion thereof) to be redeemed, and (iv) the cost and expenses of the Bank in effecting the redemption of the Municipal Bond (or portion thereof) to be redeemed. The [City] [Borough] shall give the Bank at least 50 days' prior written notice of the [City's][Borough's] intention to redeem its Municipal Bond.

In the event the Loan Obligations with respect to which the sale or redemption prior to maturity of such Municipal Bond is being made have been refunded and the refunding bonds of the Bank issued for the purpose of refunding such Loan Obligations were issued in a principal amount in excess of or less

than the principal amount of the Municipal Bond remaining unpaid at the date of issuance of such refunding bonds, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (i) above shall be the principal amount of such refunding bonds outstanding.

In the event all or a portion of the Loan Obligations have been refunded and the interest the Bank is required to pay on the refunding bonds is less than the interest the Bank was required to pay on the Loan Obligations, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (ii) above shall be the amount of interest to accrue on such refunding bonds outstanding.

In the event all or a portion of the Loan Obligations have been refunded, the amount which the [City] [Borough] shall be obligated to pay or the Bank shall receive under item (iii) above, when the refunded Loan Obligations or portion thereof are redeemed, shall be the premium, if any, on the Loan Obligations to be redeemed.

Nothing in this Section shall be construed as preventing the [City] [Borough] from refunding the Municipal Bond in exchange for a new Municipal Bond in conjunction with a refunding of all or a portion of the Loan Obligations.

10. Simultaneously with the delivery of the Municipal Bond to the Bank, the [City] [Borough] shall furnish to the Bank evidence satisfactory to the Bank which shall set forth, among other things, that the Municipal Bond will constitute a valid and binding [general obligation] [special and limited obligation] of the [City] [Borough], secured by the [full faith and credit] [revenue of the _____] of the [City] [Borough].

11. Invoices for payments under this Loan Agreement shall be addressed to the [City] [Borough], Attention: _____, _____, _____, Alaska 99____. The [City] [Borough] shall give the Bank and the corporate trust office of the Trustee under the General Bond Resolution at least 30 days' prior written notice of any change in such address.

12. [The [City] [Borough] hereby agrees that it shall fully fund, at the time of loan funding, its debt service reserve fund (in an amount equal to \$ _____) which secures payment of principal and interest on its Municipal Bond, that such fund shall be held in the name of the [City] [Borough] with the Trustee, and that the yield on amounts held in such fund shall be restricted to a yield not in excess of _____ percent. (**Applies to revenue bonds only.**)]

13. **[Rate covenant and other covenant language – if applicable.]**

14. The [City] [Borough] hereby agrees to keep and retain, until the date six years after the retirement of the Municipal Bond, or any bond issued to refund the Municipal Bond, or such longer period as may be required by the [City's] [Borough's] record retention policies and procedures, records with respect to the investment, expenditure and use of the proceeds derived from the sale of its Municipal Bond, including without limitation, records, schedules, bills, invoices, check registers, cancelled checks and supporting documentation evidencing use of proceeds, and investments and/or reinvestments of proceeds. The [City] [Borough] agrees that all records required by the preceding sentence shall be made available to the Bond Bank upon request.

15. Prior to payment of the amount of the Loan or any portion thereof, and the delivery of the Municipal Bond to the Bank or its designee, the Bank shall have the right to cancel all or any part of its obligations hereunder if:

(a) Any representation, warranty or other statement made by the [City] [Borough] to the Bank in connection with its application to the Bank for a Loan shall be incorrect or incomplete in any material respect.

(b) The [City] [Borough] has violated commitments made by it in the terms of this Loan Agreement.

(c) The financial position of the [City] [Borough] has, in the opinion of the Bank, suffered a materially adverse change between the date of this Loan Agreement and the scheduled time of delivery of the Municipal Bond to the Bank.

16. The obligation of the Bank under this Loan Agreement is contingent upon delivery of its General Obligation Bonds, 20__ Series _____ and receipt of the proceeds thereof.

17. The [City] [Borough] agrees that it will provide the Bank with written notice of any default in covenants under the [City] [Borough] [Ordinance] [Resolution] within thirty (30) days after the date thereof.

18. The [City] [Borough] agrees that it shall file, on an annual basis, its annual financial statements with the Municipal Securities Rulemaking Board not later than two hundred ten (210) days after the end of each fiscal year of the [City] [Borough] for so long as the Municipal Bond remains outstanding. The [City] [Borough] further agrees that filings under this Section 18 shall be made in connection with CUSIP Nos. 01179P, 011798 and 01179R. Additional or alternate CUSIP number(s) may be added from time to time by written notice from the Bank to the [City] [Borough]. The [City] [Borough] agrees that if it shall receive from the Bank CUSIP number(s) in addition to those set forth in this Section then it shall thereafter make its filings using both CUSIP numbers herein stated and any additional CUSIP number(s).

19. The [City] [Borough] agrees that it shall not take, or omit to take, any action lawful and within its power to take, which action or omission would cause interest on the Municipal Bond to become subject to federal income taxes in addition to federal income taxes to which interest on such Municipal Bond is subject on the date of original issuance thereof.

[The [City] [Borough] shall not permit any of the proceeds of the Municipal Bond, or any facilities financed with such proceeds, to be used in any manner that would cause the Municipal Bond to constitute a "private activity bond" within the meaning of Section 141 of the Code.]

The [City] [Borough] shall make no use or investment of the proceeds of the Municipal Bond that will cause the Municipal Bond to be an "arbitrage bond" under Section 148 of the Code. So long as the Municipal Bond is outstanding, the [City] [Borough], shall comply with all requirements of Section 148 of the Code and all regulations of the United States Department of Treasury issued thereunder, to the extent that such requirements are, at the time, applicable and in effect. The [City] [Borough] shall indemnify and hold harmless the Bank from any obligation of the [City] [Borough] to make rebate payments to the United States under said Section 148 arising from the [City's] [Borough's] use or investment of the proceeds of the Municipal Bond.

20. Upon request of the Bank, the [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution, it shall execute a continuing disclosure agreement prepared by the Bank for

purposes of Securities and Exchange Commission Rule 15c2-12, adopted under the Securities and Exchange Act of 1934.

21. The [City] [Borough] agrees that if its bonds constitute ten percent (10%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution it shall provide the Bank for inclusion in future official statements, upon request, financial information generally of the type included in Appendix D of the Bank's Official Statement, dated _____, 20__, under the heading "Summary of Borrowers Representing 10% or More of Outstanding Bonds Issued Under the 2005 General Bond Resolution," attached hereto as Exhibit B.

22. If any provision of this Loan Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Loan Agreement and this Loan Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

23. This Loan Agreement may be executed in one or more counterparts, any of which shall be regarded for all purposes as an original and all of which constitute but one and the same instrument. Each party agrees that it will execute any and all documents or other instruments, and take such other actions as are necessary, to give effect to the terms of this Loan Agreement.

24. No waiver by either party of any term or condition of this Loan Agreement shall be deemed or construed as a waiver of any other term or condition hereof, nor shall a waiver of any breach of this Loan Agreement be deemed to constitute a waiver of any subsequent breach, whether of the same or of a different section, subsection, paragraph, clause, phrase or other provision of this Loan Agreement.

25. In this Loan Agreement, unless otherwise defined herein, all capitalized terms which are defined in Article I of the General Bond Resolution shall have the same meanings, respectively, as such terms are given in Article I of the General Bond Resolution.

26. This Loan Agreement shall remain in full force and effect so long as the Municipal Bond remains outstanding.

27. This Loan Agreement merges and supersedes all prior negotiations, representations and agreements between the parties hereto relating to the subject matter hereof and constitutes the entire agreement between the parties hereto in respect thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Loan Agreement as of the date first set forth above.

ALASKA MUNICIPAL BOND BANK

By: _____
DEVEN J. MITCHELL
Executive Director

[CITY] [BOROUGH] OF _____,
ALASKA

By: _____

Its: _____

EXHIBIT A

\$ _____
[City] [Borough], Alaska
[General Obligation] [Revenue] Bond, 20__
(the "Municipal Bond")

Due (_____ 1)	Principal <u>Amount</u>	Interest <u>Rate</u>
------------------	----------------------------	-------------------------

Principal installments shall be payable on _____ 1 in each of the years, and in the amounts set forth above. Interest on the Municipal Bond shall be payable on _____ 1, 20__, and thereafter on _____ 1 and _____ 1 of each year.

[Prepayment Provisions: The Municipal Bond principal installments are not subject to prepayment prior to maturity.]

Optional Prepayment: The Municipal Bond principal installments due on or after _____ 1, 20__ are subject to prepayment in whole or in part at the option of the [City] [Borough] on any date on or after _____ 1, 20__, at a price of 100% of the principal amount thereof to be prepaid, plus accrued interest to the date of prepayment.

EXHIBIT B

[Information from Appendix D of the Bank's Official Statement to be inserted]

CERTIFICATE

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

1. That the attached is a true and correct copy of Ordinance No. _____ of the City (the "Ordinance"), as finally passed at a regular meeting of the Assembly held on _____, 2018, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2018.

Sara Peterson, MMC
Municipal Clerk, City and Borough of Sitka



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 18-47 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Amending Title 4 "Revenue and Finance" of the Sitka General Code by adding Chapter 4.15 "Single-Use Carryout Bag Fee", by charging a per-bag fee on single-use carryout bags provided by a vendor to a customer at a check-out stand or counter

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Ord 2018-47.pdf](#)
[Health Needs Resolution of Support.pdf](#)

Date	Ver.	Action By	Action	Result
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Sponsors: Knox / Wein / Potrzuski

POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-47
on first reading.

CITY AND BOROUGH OF SITKA
ORDINANCE NO. 2018-47

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 4 "REVENUE AND FINANCE" OF THE SITKA GENERAL CODE BY ADDING CHAPTER 4.15 "SINGLE-USE CARRYOUT BAG FEE", BY CHARGING A PER-BAG FEE ON SINGLE-USE CARRYOUT BAGS PROVIDED BY A VENDOR TO A CUSTOMER AT A CHECK-OUT STAND OR COUNTER

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

3. **PURPOSE.** The single-use carryout bag fee is necessary to address the environmental problems associated with disposable bags. The purpose of this ordinance is to increase the number of reusable bags being used in Sitka and reduce the number of single-use carryout bags distributed and disposed of in Sitka, while also providing funding to the general fund.

This ordinance establishes a per-bag fee on each single-use carryout plastic bag and each single-use carryout paper bag provided by a vendor to a customer at a check-out stand or counter, beginning on April 1, 2019.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka a new Chapter to Title 4 of the Sitka General Code, Chapter 4.15 entitled "Single-use Carryout Bag Fee", which reads as follows: (new language underlined;):

TITLE 4
REVENUE AND FINANCE

* * *

Chapter 4.15
SINGLE-USE CARRYOUT BAG FEE

Sections:

- 4.15.010 Definitions.
4.15.020 Levy of the single-use carryout bag fee.
4.15.030 Collection and remittance of the single-use carryout bag fee.
4.15.040 Use of funds.
4.15.050 Required signage for vendors.
4.15.060 Procedures on delinquencies.

* * *

4.15.010 Definitions.

The following terms used in this chapter have the following meanings unless the context clearly indicates otherwise:

A. "Single-use carryout bag" is defined as a light-weight, disposable bag provided by a vendor to a customer at a check-out stand or counter that is made from plastic or plastic-like material or paper into which merchandise or goods are typically placed for the purpose of carrying the merchandise or goods out of a vendor's place of business. Plastic film bags of any thickness are included in this definition of a single-use carryout bag. A single-use carryout bag is not a Reusable Bag as defined below.

B. "Single-use carryout bag" does not include:

1. Bags used by consumers inside stores to:

a. Package bulk items, such as fruit, vegetables, nuts, grains, candy or small hardware items;

b. Contain or wrap ice, frozen foods, meat, or fish;

c. Contain or wrap flowers, potted plants, or other items where dampness may be problem;

d. Contain unwrapped prepared foods or bakery goods; or

e. A non-handled bag used to protect a purchased item from damaging or contaminating other purchased items when placed in another bag.

2. Bags provided by pharmacists to contain prescription drugs.

3. Newspaper bags, door-hanger bags, laundry-dry cleaning bags, or bags sold in packages containing multiple bags for uses such as food storage, garbage, pet waste, or yard waste bags.

C. "Vendor" means a retail establishment or business located within the Sitka city limits and includes:

1. Temporary vending establishments, and

2. Vendors at farmer's markets or other temporary events where sales tax is collected.

D. "Reusable Bag" means a bag that is:

1. Designed and manufactured to withstand repeated uses over a period of time;

2. Is made from a material that can be cleaned and disinfected regularly, preferably in a washing machine;

3. Has a minimum lifetime of 125 uses; and

4. Has the capability of carrying a minimum of 22 pounds.

E. "Single-use carryout bag fee" means a fee imposed by the city and borough and required to be paid by each customer making a purchase from a vendor for each single-use carryout bag used during the purchase.

4.15.020 Levy of the single-use carryout bag fee.

A. The municipality hereby levies a per-bag fee (sometimes referred to as an excise tax) on each single-use carryout plastic bag and each single-use carryout paper bag provided by a vendor to a customer at a check-out stand or counter. On or after April 1, 2019, a vendor may only make single-use carryout bags available to customers if the vendor collects a fee of fifteen cents per plastic bag and ten cents per paper bag. On or after April 1, 2020, a vendor may only make single-use carryout bags available to customers if the vendor collects a fee of twenty five cents per plastic bag and fifteen cents per paper bag. The bag fee will be reported and remitted quarterly at the same time as and with sales tax.

1. For each single-use carryout bag provided to a customer, vendors shall collect from customers, and customers shall pay, at the time of purchase, a single-use carryout bag fee per bag as stated in section 4.15.020.A.

2. Vendors shall record the number of single-use carryout bags provided and the total amount of single-use carryout bag fees collected on the customer transaction receipt.

3. A vendor shall not refund to the customer any part of the single-use carryout bag fee, nor shall the vendor advertise or state to customers that any part of the single-use carryout bag fee will be refunded to the customer.

4. A vendor shall not exempt any customer from any part of the single-use carryout bag fee for any reason.

4.15.030 Collection and remittance of the single-use carryout bag fee.

A. The amount of the single-use carryout bag fee collected by a vendor shall be remitted to the city and borough. The fees collected by a vendor shall be remitted quarterly at the same time as and with sales tax and shall be used only as set forth in section 4.15.040.

B. The finance department shall provide the necessary return form for vendors to file with the city and borough to demonstrate compliance with the provisions of this ordinance.

4.15.040 Use of funds.

All fees collected and remitted under the terms of this chapter shall be deposited by the finance director in the general fund of the city and borough and shall be used for the operating and capital expenditures of the city and borough.

4.15.050 Required signage for vendors.

Every vendor subject to the collection of the single-use carryout bag fee shall display a sign in a location outside or inside of the business, viewable by customers, alerting customers to the city and borough of Sitka's single-use carryout bag fee.

4.15.060 Procedures on delinquencies.

If a vendor fails to file the return or make the remittance in accordance with this chapter, the finance director may make written demand upon the vendor, mailed to its last known address, for submission of the return and/or remittance. In the event of noncompliance with the demand, the finance director may assess a penalty of one hundred dollars for the first failure, two hundred dollars for the second failure, and five hundred dollars for the third and every subsequent failure. Also, the finance director may publish in a newspaper of general circulation within the city and borough the name of the vendor assessed with a penalty, and the amount of the penalty, for violating this chapter.

5. EFFECTIVE DATE. This ordinance shall become effective April 1, 2019.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, this 25th day of September, 2018.

Matthew Hunter, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading 9/11/18

2nd reading 9/25/18

Sponsors: Knox / Wein / Potrzuski

**CITY AND BOROUGH OF SITKA
HEALTH NEEDS AND HUMAN SERVICES COMMISSION**

**RESOLUTION OF SUPPORT FOR REDUCING THE USE AND PROBLEMS ASSOCIATED
WITH PLASTIC SHOPPING BAGS IN SITKA**

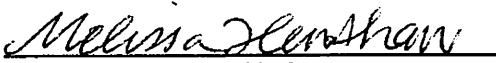
- WHEREAS**, between 500 billion and 1 trillion plastic bags are consumed worldwide each year. Sitka grocers alone distribute over 2 million plastic bags annually; and
- WHEREAS**, degrading plastics are leaching toxic chemicals such as bisphenol A into the seas, threatening ocean animals and humans who can ingest contaminated fish and mammals; and
- WHEREAS**, plastic bags account for over 10% of the debris washed upon US coastlines according to the National Marine Debris Monitoring Program; and
- WHEREAS**, plastic bags photodegrade and over time they break down into smaller particles which eventually contaminate our soil, sand, and waterways according to research; and
- WHEREAS**, plastic shopping bags are made from polyethylene, a thermoplastic made from oil and using fewer plastic bags will correspondingly reduce our dependence on oil; and
- WHEREAS**, less than 1% of plastic bags are recycled because it costs more to recycle a plastic bag than to make a new one; and
- WHEREAS**, dozens of communities in the US, including Cordova, Bethel, and Hooper Bay in Alaska, have adopted policies that have successfully reduced plastic bag use; and
- WHEREAS**, fishing is one of Sitka's main industries and seafood is a one of the main foods consumed on our island. Pollution from plastic bags can negatively impact the industry and the consumer; and

THEREFORE, BE IT RESOLVED that the Health Needs and Human Services Commission of the City and Borough of Sitka, Alaska supports the work of the "Bags for Change" volunteer group and supports a policy based, systemic change to reduce single use plastic bags in Sitka, Alaska.

PASSED, APPROVED AND ADOPTED by the Health Needs and Human Services Commission of the City and Borough of Sitka, Alaska on this 9th day of August, 2017.


Doug Osborne, Chair
Health Needs and Human Services Commission

ATTEST:


Melissa Henshaw, CMC
Deputy Clerk



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 18-43 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Making Supplemental Appropriations for Fiscal Year 2018 (Personnel PERS, Solid Waste Fund Operations, MIS Operations)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Ord 2018-43.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-43
on first reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-43

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
MAKING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2018
(PERSONNEL PERS, SOLID WASTE FUND OPERATIONS, MIS OPERATIONS)**

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

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

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

3. **PURPOSE.** The purpose of this ordinance is to make supplemental appropriations for Fiscal Year 2018.

4. **ENACTMENT.** The Assembly of the City and Borough of Sitka hereby adjusts the FY18 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, 2017 and ending June 30, 2018 is hereby adjusted as follows:

<u>FISCAL YEAR 2018 EXPENDITURE BUDGETS</u>
<u>GENERAL, ENTERPRISE AND INTERNAL SERVICE FUNDS</u>
Overall Funds – Personnel: Increase appropriations in each Fund for the Employer On-Behalf Funding – PERS ER120. General Fund - \$207,685; Justice Assistance Grant - \$3,379; Electric Fund - \$87,642; Water Fund - \$8,040; Wastewater Fund - \$21,187; Harbor Fund - \$15,385; Management Information Systems Fund - \$8,952; Central Garage Fund - \$3,938; Building Maintenance Fund - \$6,882.
Solid Waste Fund – Operations: Increase appropriations in interdepartmental services for the amount of \$3,217 to cover the Fund's overage.
Management Information Systems – Operations: Increase appropriations in Telephone Services for the amount of \$34,501 to cover the Fund's overage.

EXPLANATION

PERS is significantly underfunded; not enough assets are in the System to pay for the estimated future cost of retirement benefits to governmental employees. The State of Alaska has made a continued effort to reduce this underfunding by making payments into PERS on behalf of the various Municipal governmental entities that participate in PERS along with the State itself. These payments are made directly by the State into PERS; the actual funds do not pass through Sitka's bank account. Governmental accounting and reporting rules require that expenditures made by one entity on behalf of another be recorded as offsetting revenue and expenditures, even if the funds expended never pass through the supported entity's bank account.

Solid Waste went over budget at year end due to higher than anticipated cost of operating the Scrap Yard.

Management Information Systems went over budget at year end due to the cost of telephone service.

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 25th Day of September, 2018.

ATTEST:

Matthew Hunter, Mayor

Sara Peterson, MMC
Municipal Clerk

1st reading 9/11/18
2nd and final reading 9/25/18

Sponsor: Administrator



CITY AND BOROUGH OF SITKA

Legislation Details

File #: ORD 18-44 Version: 1 Name:

Type: Ordinance Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Making Supplemental Appropriations for Fiscal Year 2019 (Legal Department - Legal Fees)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Ord 2018-44.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve Ordinance 2018-44
on first reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2018-44
AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA
MAKING SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 2019
(LEGAL DEPARTMENT – OPERATIONS: LEGAL FEES)

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

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

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

3. **PURPOSE.** The purpose of this ordinance is to make supplemental appropriations for Fiscal Year 2019 which is necessary to ensure that encumbered appropriations do not lapse at the end of a fiscal year, in accordance with Section 11.12 of the Home Rule Charter of the City and Borough of Sitka.

4. **ENACTMENT.** In accordance with Section 11.10(a) of the Charter of the City and Borough of Sitka, Alaska, the Assembly hereby makes the following supplemental appropriations for the budget period beginning July 1, 2018 and ending June 30, 2019 is hereby adjusted as follows:

<u>FISCAL YEAR 2019 EXPENDITURE BUDGETS</u>
Legal Department – Operations: Increase appropriations in the amount of \$110,000 for Legal fees involving the personnel matter/lawsuit involving the Sitka Police Department.

EXPLANATION

At the August 30th Assembly meeting, the Assembly under Executive Session, approved a motion to pursue a \$10,000 supplemental appropriation for legal fees and \$100,000 for legal defense regarding the personnel matter/lawsuit involving the Sitka Police Department.

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 25th Day of September, 2018.

ATTEST:

Matthew Hunter, Mayor

Sara Peterson, MMC
Municipal Clerk

1st reading 9/11/18

2nd and final reading 9/25/18

Sponsor: Administrator



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-170 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Approve moving forward with the sale of Lot 23 (Administration Building) at the Gary Paxton Industrial Park by the invitation to bid process

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo.pdf](#)
[GPIP Debris Flow Analysis.pdf](#)
[DRAFT CBS Bidding Instructions for 4600 Sawmill Creek Rd \(Administration Building\).pdf](#)
[DRAFT Purchase Sale Agreement CBS Admin Building.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve moving forward, as recommended by the Gary Paxton Industrial Park Board of Directors, with the sale of Lot 23 (Administration Building) at the Gary Paxton Industrial Park by the invitation to bid process.



329 Harbor Drive, Suite 212
Sitka, AK 99835
Phone: 907-747-2660

Monday, August 27th, 2018

MEMORANDUM

To: Keith Brady, CBS Administrator
From: Garry White, Director
Subject: GPIP Lot 23 (Administration Building) Invitation to Bid

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors is recommending that the City and Borough of Sitka (CBS) sell Lot 23 (Administration Building) at the GPIP.

The GPIP Board met on January 25th, 2018 and approved the following motion:

MOTION: M/S: Horan/ Bevan Move to recommend that the City and Borough of Sitka Assembly approve to sell lot 23 via the invitation to bid process, with no minimum bid. Potential buyers must read Landslide Assessment, Shannon Wilson Geo-tech Report and City and Borough of Sitka Zoning Code/Map.

ACTION: Motion PASSED 5/0

Yes: 5- Finkenbinder, Jones, Bevan, Horan, Wagner
No: 0

Background

The CBS acquired the Administration Building in 2000 from the Alaska Pulp Corp. In 2001 portions of the building were remodeled using Economic Development Administration (EDA) grant funds. The EDA placed a deed restrictions on the property which limited the CBS's ability to sell the building. The encumbrances on the property were released by the EDA in 2017, allowing the CBS to sell the building.

The CBS leased space in the building to various tenants for 16 years. Annual lease revenue generally did not cover the cost of the CBS to operate the building. In August 2015, an intense rainstorm hit the Sitka area dumping 2.5 inches or more of rain in a 6-hour period. The intense rain caused a landslide on the hill across Sawmill Creek Rd from the building. A debris flow stopped against the building causing limited architectural damage to the building. CBS Administration terminated all leases in the Administration Building during the fall of 2016 due to the potential land slide risk.

The GPIB Board of Directors released a Request for Proposal (RFP) document for the selection of a private entity(s) to purchase a portion of Lot 23 (Administration Building) on June 30th 2017. The RFP remained open until September 19th 2017.

The CBS did not receive any responses to the RFP.

Building Information

The Administration Building is a two-story wood framed structure. The building is about 34,500 square feet and is constructed on a side hill with multiple entrances to both floors. Primary access is available to the second floor where there is a lobby and reception area. The second floor contains multiple smaller office suites off a central corridor and several large office suites, a large conference room, bathrooms, and a former kitchen area. The first floor contains multiple office suites off a central corridor, former laboratory, boiler room, mechanical room, communications room, and bathrooms.

Lot 23 and the Administration Building was appraised in 2014 by Alaska Appraisal Associates Inc. The appraiser valued lot 23 at \$233,000, but gave the building a \$0 value due to the overall worn condition of the building. The appraisal firm was contacted after the 2015 land slide to reassess the value of the lot and building. The appraiser stated that his reported value of the parcel is no longer valid due to the landslide and geotechnical report findings, commenting that the parcel could potentially have a negative value.

The building is a non-producing asset and will be better served in the hands of private industry.

Additional Information

- Please see that attached Gary Paxton Industrial Park Debris Flow Analysis completed by the geotechnical firm Shannon & Wilson Inc. dated November 18, 2016.
- Attached is the proposed Invitation to Bid document to sell Lot 23 (Administration Building)

Action

- CBS Assembly approval of selling Lot 23 (Administration Building) via the invitation to bid process.

November 18, 2016

Mr. Dan Tadic, PE
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835

**RE: GARY PAXTON INDUSTRIAL PARK DEBRIS FLOW ANALYSIS,
SITKA, ALASKA**

Dear Mr. Tadic:

On August 18, 2015, an intense rainstorm hit the Sitka, Alaska, area dumping 2.5 inches or more in a six-hour period. The U.S. Forest Service reported that this heavy precipitation triggered more than 50 landslides in the Sitka area. One of those landslides caused a debris flow that crossed Sawmill Creek Road (also known as the Sitka Highway) and stopped against the Administration Building at the Gary Paxton Industrial Park (GPIP) (Photograph 1). The debris flow caused architectural damage to the building, which is owned by the City and Borough of Sitka (CBS). The Vicinity Map, Figure 1, shows the location of the debris flow and the GPIP Administration Building.

The CBS requested that Shannon & Wilson, Inc. (Shannon & Wilson) evaluate potential future landslide and debris flow hazards that could affect the Administration Building, the potential for similar debris flows on the neighboring slopes, and potential remedial measures, if appropriate. Additionally, the CBS has incurred persistent issues with sediment accumulation from an unnamed creek that flows down the southeast flanks of Mount (Mt.) Verstovia, and crosses the Blue Lake Road and then the Access Road to the Sawmill Creek hydroelectric facility. For discussion purposes, we use the name West Fork Sawmill Creek in this letter. Figure 1 shows the locations of West Fork Sawmill Creek, the Blue Lake Road, and the Access Road. CBS requested that Shannon & Wilson evaluate the runout and sediment transport characteristics of debris flows in West Fork Sawmill Creek and potential remedial measures.

Shannon & Wilson's scope of services included:

- Preparing Light Detection and Ranging (LiDAR) maps for field and office use.
- Performing a field reconnaissance on May 31 through June 2, 2016.
- Analyzing potential debris flow runout from the slopes above the Administration Building, and from West Fork Sawmill Creek.
- Developing concept-level recommendations for remedial measures.
- Preparing this letter.
- Presenting results of our findings to the CBS in a meeting.

Shannon & Wilson's scope of services was authorized by the CBS on April 26, 2016, in a Notice to Proceed from Municipal Engineer, Dan Tadic, PE.

AUGUST 18, 2015, DEBRIS FLOW

We understand the debris flow occurred in an area where previous landslides had not been reported. The initial landslide and consequent debris flow scoured a gully through forest slopes west of the Administration Building. From photographs and discussions with CBS staff, we understand the following:

- The triggering landslide and debris flow occurred in the morning on August 18, 2015. The debris flow scoured a channel down to bedrock in the slopes above Sawmill Creek Road. Deposition occurred mainly between the toe of the slope and the Administration Building. Photograph 2 shows the channel scoured above Sawmill Creek Road.
- The debris consisted of soil, riprap, and quarry spalls that had been placed on a cut-slope above Sawmill Creek Road, and trees, root wads, and bushes. Photograph 1 shows the debris against the Administration Building.
- The debris crossed Sawmill Creek Road and hit the Administration Building. Debris piled against the Administration Building to a depth of about 5 feet. Some debris flowed about 10 feet past the southwest corner of the building.
- Stormwater runoff flowed down the Blue Lake Road, onto Sawmill Creek Road, and past the south side of the Administration Building. The stormwater caused erosion along Blue Lake Road and deposited sediment on Sawmill Creek Road. Photograph 1 shows the water flowing down the Blue Lake Road in the background and past the Administration Building in the foreground.

- The debris caused architectural damage to the Administration Building, including several broken windows and broken siding. Much of the building above the debris was spattered with mud. A mailbox in front of the building was ripped from its foundations. Photograph 3 shows damage to the Administration Building.
- CBS removed about 2,050 cubic yards of debris from Sawmill Creek Road and the parking and landscape areas in front of the Administration Building.

Photograph 4 shows an overview of the slope and the debris flow channel location. Photographs 5 and 6 show views from the debris flow channel.

SITE DESCRIPTION

As shown in Figures 1 and 2, Shannon & Wilson studies addressed two slopes: (1) the slope west of the Administration Building, which is directly above Sawmill Creek Road and Blue Lake Road, and (2) West Fork Sawmill Creek. These are discussed separately below and are shown in Figures 2 and 3, respectively.

Sawmill Creek Road Slope

The slope west of the Administration Building, referred to as the Sawmill Creek Road Slope (Figure 2) hereafter, is about a 1/2-mile-long ridge that is roughly parallel to Sawmill Creek Road. Photograph 4 shows an overview of the slope, looking west from near the CBS hydroelectric facility. The slope is the east flank of a hill above Sawmill Cove and Heart Lake. Heart Lake is in a bench northeast of the hill, and south of Mt. Verstovia and West Fork Sawmill Creek. A ridge southeast and east of the Heart Lake extends from the outlet creek south to nearly above the Administration Building. There, it intersects the higher hill that rises above Heart Lake. This ridge forms the top of the Sawmill Creek Road Slope. At the toe of the Sawmill Creek Road Slope, Sawmill Creek Road is at about Elevation 30 feet. Northeast of the Administration Building, the top of the ridge is about Elevation 400 feet, and decreases to about Elevation 340 feet at the north end near the outlet of Heart Lake and to about Elevation 360 at its south end where it merges with the hill above Heart Lake.

The Sawmill Creek Road Slope has a rocky escarpment with near-vertical sections below the ridge crest at about Elevations 260 to 280 feet, as shown in the LiDAR hillshade image in the LiDAR Site Plan, Figure 2, and the Topographic Site Plan, Figure 4. The channels or chutes on the slope typically originate at or below this bedrock escarpment. Below the rocky escarpment, the slopes are mostly between 25 and 70 percent, with short segments steeper than 100 percent.

To the north of the Administration Building, the one-lane gravel, Blue Lake Road, leads uphill to the north, roughly paralleling Sawmill Creek Road. The slope is heavily vegetated with conifers, some deciduous trees, and thick undergrowth. Seepage is present in nearly all convergent slope areas.

Six small ephemeral creeks are located on Sawmill Creek Road Slope. All are unnamed; therefore, we used alphabetical designations for purposes of this letter report, as shown in Figure 4. As discussed in more detail below, many of these creeks flow in broad bowls, but the channel that failed in 2015 (Channel A) is incised into the hillside, as shown in Figure 2. Likewise, the northernmost channel on this slope that drains Heart Lake (Channel H) is deeply incised. This channel joins West Fork Sawmill Creek just below the Blue Lake Road.

West Fork Sawmill Creek

The West Fork Sawmill Creek begins in an alpine basin just east of Mt. Verstovia between about Elevations 2,200 and 2,700 feet. Photograph 7 shows the headwater area of the West Fork Sawmill Creek on the southeast flanks of Mt. Verstovia. Mt. Verstovia is part of an east- to northeast-trending ridge that is bounded by Indian River to the west and north, the Eastern Channel to the south, and Blue Lake to the east. The summit of Mt. Verstovia is the high point on the ridge (Elevation 3,300+) northwest of Heart Lake. East of the summit, the ridge turns to the northeast, and Arrow Peak is the next high point (3200+) above Sawmill Creek and east of Blue Lake. From the summit of Arrow Peak, the ridge turns north.

The West Fork Sawmill Creek descends the south side of Mt. Verstovia in a southeast direction to the Blue Lake Road, and then turns and flows generally east to its confluence with Sawmill Creek at about Elevation 20 feet. The creek channel does not descend the fall line down the slopes of Mt. Verstovia, but crosses the slope diagonally, as shown in Figure 3. The U.S. Geological Survey 7.5-minute topographic map shows a creek on the north slopes of Mt. Verstovia that is aligned with the West Fork Sawmill Creek. Therefore, we believe the creek channel is controlled by geologic structure. The 1:200,000-scale geologic map by Karl and others (2015) shows the Silver Bay Fault follows these two creeks.

The West Fork Sawmill Creek channel ranges from about 20 to 60 feet wide. It has four major tributaries along its path, including the outlet creek from Heart Lake. All but the Heart Lake outlet creek enter the West Fork Sawmill Creek on its left bank. Several of the tributary channels branch uphill into multiple channels.

The Heart Lake Trail crosses West Fork Sawmill Creek at about Elevation 300 feet, Blue Lake Road at about Elevation 140 feet (Photographs 8 and 9), and the Access Road to the Sawmill Lake hydroelectric facility at about Elevation 50 feet (Photograph 10). Between the Blue Lake Road and Sawmill Creek, the West Fork Sawmill Creek is above former clarifiers that now comprise the Fortress of the Bear and a recycling facility. The hydroelectric facility Access Road contains a buried water line in the eastern shoulder that is the primary water supply for the CBS.

EVALUATION METHODS

Existing Data and Topographic Maps

Prior to fieldwork, we prepared LiDAR hillshade and contour maps from limited LiDAR data (Alaska Division of Geological & Geophysical Surveys, 2015). Because we had limited LiDAR data, we acquired copies of the U.S. Geological Survey 7.5-minute topographic maps for the area. We used these LiDAR and topographic maps together to plan fieldwork, plot field information, and provide parameters for the debris flow analysis.

Subsequent to performing our field reconnaissance, additional LiDAR data became available (U.S. Army Cold Regions Research and Engineering Laboratory, 2016). We processed this data, and used it in our geomorphic interpretation and in our debris flow analyses.

The CBS did not have stereographic pairs of aerial photographs. Therefore, we reviewed aerial photographs available on Google Earth. Those photographs were taken between May 2000 and September 2013. The photographs do not show evidence of historical landslides and debris flows on the Sawmill Creek Road Slope. They do show that snow avalanches and debris flows are common in the West Fork Sawmill Creek above the Blue Lake Road.

Field Reconnaissance

Bill Laprade and Chris Robertson of Shannon & Wilson Field performed a reconnaissance of the Sawmill Creek Road Slope and West Fork Sawmill Creek between May 31 and June 2, 2016. During the field reconnaissance, they took slope clinometer, channel orientations, and laser distance measurements of the slopes and channels, and recorded selected locations with a hand-held Global Positioning System unit. They recorded observations of geologic significance and factors that could affect debris flow runout, such as widths of channels and zones of deposition and scour.

Debris Flow Modelling

We used the online software UBCDFLOW (University of British Columbia Civil Engineering Department [n.d.]) to model debris flow runout in the GPIIP Sawmill Creek channels. Using our field measurements and a LiDAR digital elevation model, we divided each channel into discrete reaches (i.e., segments) based on their morphology. UBCDFLOW requires the following geomorphic input parameters for each reach:

- Width
- Length
- Steepness
- Orientation (i.e., compass direction of flow)
- Flow type (confined flow, transitional flow, or unconfined flow)

We assigned flow type for each channel reach using our aerial photographic and LiDAR interpretations, field observations, and professional judgment. Factors included geomorphic indicators of debris flow scour and deposition, as well as along-channel changes in reach steepness.

We executed UBCDFLOW models using two initial debris flow volumes: 100 and 500 cubic meters. We then performed a runout sensitivity analysis by increasing and decreasing channel widths and initial debris flow volumes by 90 percent.

FIELD OBSERVATIONS

Sawmill Creek Road Slope

As described previously, six small ephemeral creeks are located on Sawmill Creek Road Slope, including the August 18, 2015, debris flow site. These creeks are unnamed; therefore, we used the alphabetical designations A through H, as shown in Figure 4 and Photograph 4. The following sections present our field observations for each creek area, including photographs showing pertinent features of the August 18, 2015, debris flow. Because of dense vegetation, features we observed in Channels B through H were not conducive to viewing in photographs.

Channel A – August 18, 2015, Debris Flow

During our field reconnaissance, we measured the debris flow channel width, slope, and other characteristics. We used these data to characterize the conditions that are conducive to

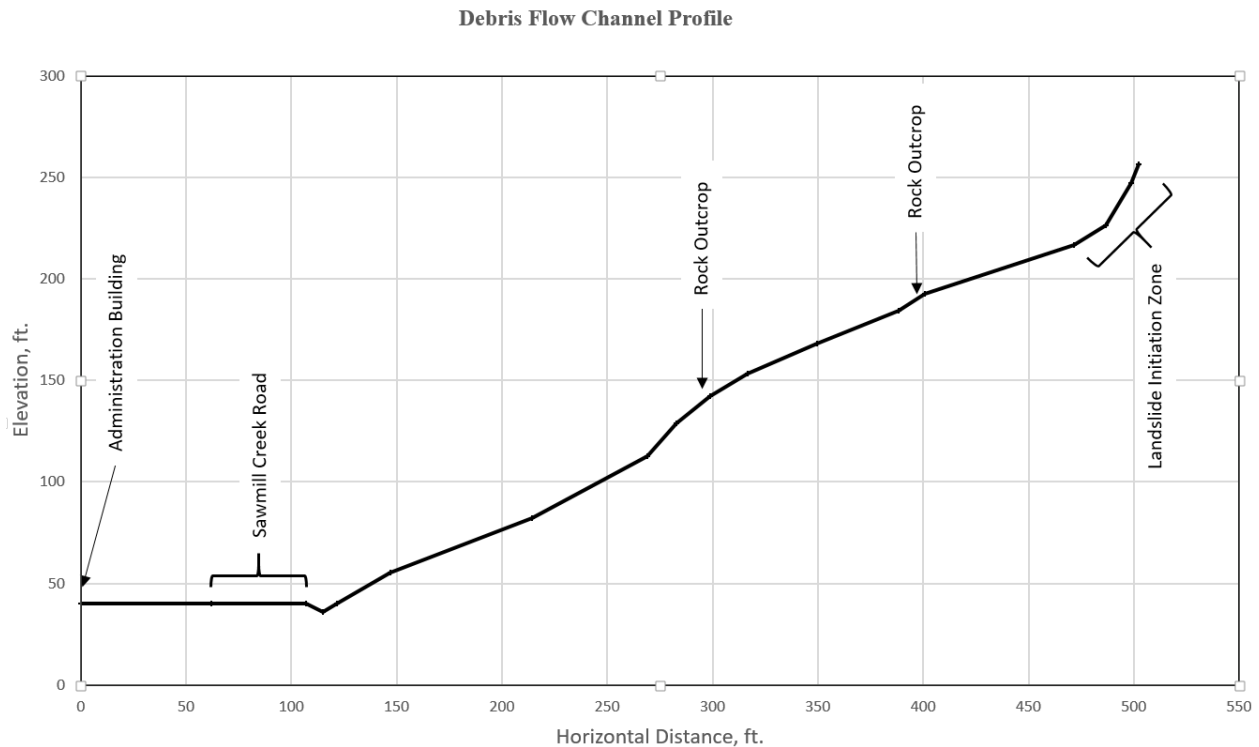
landslides along the Sawmill Creek Road Slope, and in our debris flow modelling studies. The following Table 1 summarizes the debris flow channel geometry:

TABLE 1
AUGUST 18, 2015, DEBRIS FLOW CHANNEL DATA

Slope Segment	Slope Distance	Slope, %	Elevation, ft	Cross Section Area, Equivalent Trapezoid							Segment Volume, CY	Initiation zone
				Width, ft			Depth, ft			Area, SF		
				Left	Bottom	Right	Left	Bottom	Right			
Building	0	0	40									
East curb SMC Road	62	0	40									
West curb SMC Road	45	0	40									
Ditch bottom	8	-60%	36									
West side road ditch	8	60%	40									
1	30	60%	55	15	5	15	2	2	2	40	46	
2	72	40%	82	5	5	15	7	10	12	158	127	
3	63	55%	113	12	0	15	13	13	13	176	187	
4a	21	119%	129	3	10	17	8	8	8	160	296	
4b	21	84%	142	3	10	17	8	8	8	160	237	
4c	21	62%	153	3	10	17	8	8	8	160	188	
5	36	45%	168	15	5	10	12	10	8	180	162	
6	42	42%	184	9	21	10	6	7	10	224	189	
7	15	68%	193	5	30	5	3	3	3	105	133	
8	75	34%	217	4	36	5	3	4	5	163	113	I
9	18	63%	226	3	30	4	4	4	5	136	162	I
10	24	173%	247	2	12	3	4	5	5	72	159	I
11	10	270%	257	1	8	1	6	6	6	54	139	I
Total, CY											2,139	

Abbreviations: SMC = Sawmill Creek Road
ft = feet
SF = Square Feet
CY = Cubic Yards

The debris flow likely began with a landslide near the base of the rocky escarpment, which is between about Elevation 260 to 300 feet. The triggering landslide occurred mostly in volcanic ash and colluvial soil that formed below the rocky escarpment. Glacial till underlies the volcanic ash and colluvial soil. The landslide was mostly about 5 feet thick, with a maximum headscarp height of about 15 feet. We believe the triggering landslide or landslides occurred between about Elevations 220 and 260 feet. The maximum width of the landslide initiation area at its base is about 45 feet. Photograph 5 shows the triggering landslide area, which is partially obscured by downed trees in the foreground. The accompanying profile shows the slopes along the bottom of the debris flow channel. Above the landslide area shown on the profile, the slope continues up to the rocky escarpment for about 10 to 30 feet. As shown in Table 1 above, we estimate the triggering landslide volume was about 500 to 600 cubic yards.



Below the triggering landslide area, the debris remolded into a soil slurry with boulders, trees, roots, and other vegetation debris. Typically, debris flows scour a channel and accumulate additional debris. Depending on the channel length and the type of soil and rock present, the total debris flow volume can be orders of magnitude larger than the triggering landslide or landslide.

Most of the channel scoured downslope from the triggering landslides contained colluvium and glacial till. In two areas, the debris flow scoured down to bedrock, as shown in the profile above. The higher bedrock area shown in the profile above is visible in the foreground of Photograph 5. The scoured channel shown in Photograph 6 is underlain by glacial till. The glacial till and bedrock are resistant to erosion, and the debris flow had a relatively short runout before reaching flat ground. Therefore, the total debris flow volume was about 2,000 cubic yards, which was on the order of four times the triggering landslide volume.

The landslide headscarp area has slopes inclined at about 1 Horizontal to 1 Vertical (1H:1V), with some sections overhanging because of tree roots. We observed some ground cracking above the headscarp. Most of the ground cracking was within about 5 feet of the

headscarp. The slopes that are apparently underlain by volcanic and colluvial soil extend about 10 to 30 feet above the headscarp. Further upslope, we observed talus and rock outcrop. In our opinion, the remaining volcanic and colluvial soil between the headscarp and rocky escarpment could fail in future landslides. We discuss likely landslide potential further in the Conclusions section of this report.

Channel B

Channel B is about 150 to 300 feet south of the August 18, 2015, debris flow. A bedrock ridge separates Channel B and the August 18, 2015, debris flow channel. The Channel B slope is heavily wooded with conifers except for deciduous trees next to Sawmill Creek Road and in areas where recent slope movement and/or erosion has occurred. The slope inclination ranges from about 40 to 75 percent.

We observed two small landslide and/or erosion areas. Photograph 11 shows a small landslide near Elevation 80 feet. The landslide is 3 to 4 feet deep, up to 10 feet wide, and about 30 feet long. It is bounded by bedrock above and to the north. A small debris fan was visible below the landslide. It did not extend to the more gentle slopes next to Sawmill Creek Road.

The second landslide/erosion area is near Elevation 120 feet. The scar has a 70 percent slope, is about 70 feet long, 2 to 6 feet deep, and ranges from 10 to 30 feet wide. Near the top, the scar narrows considerably. It is bounded by bedrock to the north and to a lesser extent to the south. We did not observe a visible debris fan below the scar. Slow seepage was visible at the "headscarp". This feature may be caused by slow erosion from the groundwater seep.

We did not observe conditions that are likely conducive to a larger debris flow. Bedrock generally was closer to the surface than in the adjacent August 18, 2015, debris flow channel. The soil present consisted largely of rocky talus and colluvium. We did not observe volcanic ash deposits. In our opinion, the likelihood of landslides that could affect the Sawmill Creek Road is low.

Channel C

Channel C is located about 100 feet north of the August 18, 2015, debris flow channel. A small creek was present during our site visit, which was flowing at about 20 gallons per minute. The creek forms a 25-foot-high waterfall where it flows over the rocky escarpment. A small bedrock plunge pool is present at about Elevation 260 feet. Below the plunge pool, a small basin

is densely vegetated with devils club and salmonberry, with some hemlock and cedar trees growing in mostly saturated ground. This wet slope extends down to about Elevation 210 feet. The basin is about 70 feet wide near the plunge pool and narrows to about 20 feet wide at the bottom. Below the basin the slope steepens, and the creek is mostly in bedrock and glacial till.

This small basin could have sufficient sediment to form a triggering landslide. In our opinion, the likelihood of future landslides is moderate.

Channel D

A small basin is present above the riprap apron that covers a cut-slope that is north of the intersection of the Blue Lake Road and Sawmill Creek Road. The basin is about 100 feet long measured parallel to the slope, and a bit less measured along the slope fall line. A low area is separated from the riprap slope by a “berm” that is up to 10 feet high; that is, the area up slope from the “berm” is lower. The ground is wet, with a minor drainage flowing south from the low area and then east to the road. In our opinion, this low area could represent a graben, or pull-apart feature from an old deep-seated landslide.

We did not observe other evidence of slope movement, such as leaning or bent trees. However, trees were removed from the cut-slope that is now covered with riprap. An alternative explanation could be related to the geology (e.g., a resistant geologic unit could make up the “berm.”)

We did not observe conditions that are likely conducive to debris flows similar to the August 18, 2015, event. In our opinion, the likelihood of a deep-seated landslide affecting Sawmill Creek Road is low. If a deep-seated landslide did occur, we do not believe it would trigger a debris flow, and the ground movement likely would be limited to the riprap slope and possibly the Blue Lake Road.

Channel E

Channel E is a broad swale that has geomorphic features suggesting that previous debris flows have occurred in the area. We observed a swale that could have been formed by old landslide and/or debris flow movement. The swale is about 50 feet wide near Elevation 170 feet, with slopes on the order of 60 percent. The swale steepens and ends in the cliff band near Elevation 220 feet. Below Elevation 170 feet, the slopes gradually flatten to about 40 to

45 percent, except near the Blue Lake Road where they steepen. At the deepest point near Elevation 170 feet, the swale is 8 to 12 feet deep.

We observed dense vegetation, including numerous straight trees, and old growth stumps that do not show evidence of movement. In our opinion, the area likely generated prehistoric landslides and consequent debris flows. Because of the age of the trees and old growth stumps, we believe those landslides and debris flows were more than 200 years ago. We believe the potential for future debris flows is moderate.

Channel F

Channel F is a wide, colluvium-filled swale. Near Elevation 180 feet, it is about 100 feet wide and 20 feet deep. The swale has side slopes near 80 percent, with a bottom that is flat. It ends in the rock escarpment that is present above about Elevation 220 feet. The upper slopes of the swale are about 70 percent. Those slopes gradually flatten below about Elevation 180 feet to about 40 percent.

The swale is densely vegetated with devils club, salmonberry, and a mixed conifer and deciduous forest. We observed extensive wet areas on the ground, including skunk cabbage and seeps stained with iron-reducing bacteria deposits. We observed some old stumps in the basin, which indicate that previous landslides and debris flows may have occurred more than 200 years ago. We believe the potential for future debris flows is moderate.

Channel G

Channel G is a large, wide, and moderately sloping basin near the Blue Lake Road. We observed natural sediment levees consisting of gravel and cobbles that are up to 5 feet high in the basin close to the Blue Lake Road. The basin has 15 percent slopes near Blue Lake Road, and then 30 percent slopes up to about Elevation 140 feet. Near Elevation 160 feet, the basin flattens to about 15 percent. This upper portion of the basin has a mucky bottom with skunk cabbage and devils club. We observed two trees that were leaning until about 20 feet above the ground and then were straight. The trees were about 2 feet in diameter. Above about Elevation 170 feet, the slopes steepen to 30 to 35 percent and then become progressively steeper above. Between about Elevations 180 and 260 feet, the slopes are underlain by talus, are about 80 percent, and end in a 20- to 25-foot-high cliff.

We believe the conditions we observed indicate the basin has low potential for landslides and consequent debris flows. In our opinion, the bent trees likely occurred because of poor rooting in the mucky ground. The gravel and cobble levees likely were deposited by surface water runoff.

Channel H – Heart Lake Outlet Creek

The Heart Lake outlet creek is largely incised into bedrock and glacial till. We did not observe evidence of past landslides and debris flows, other than those associated with minor bank erosion.

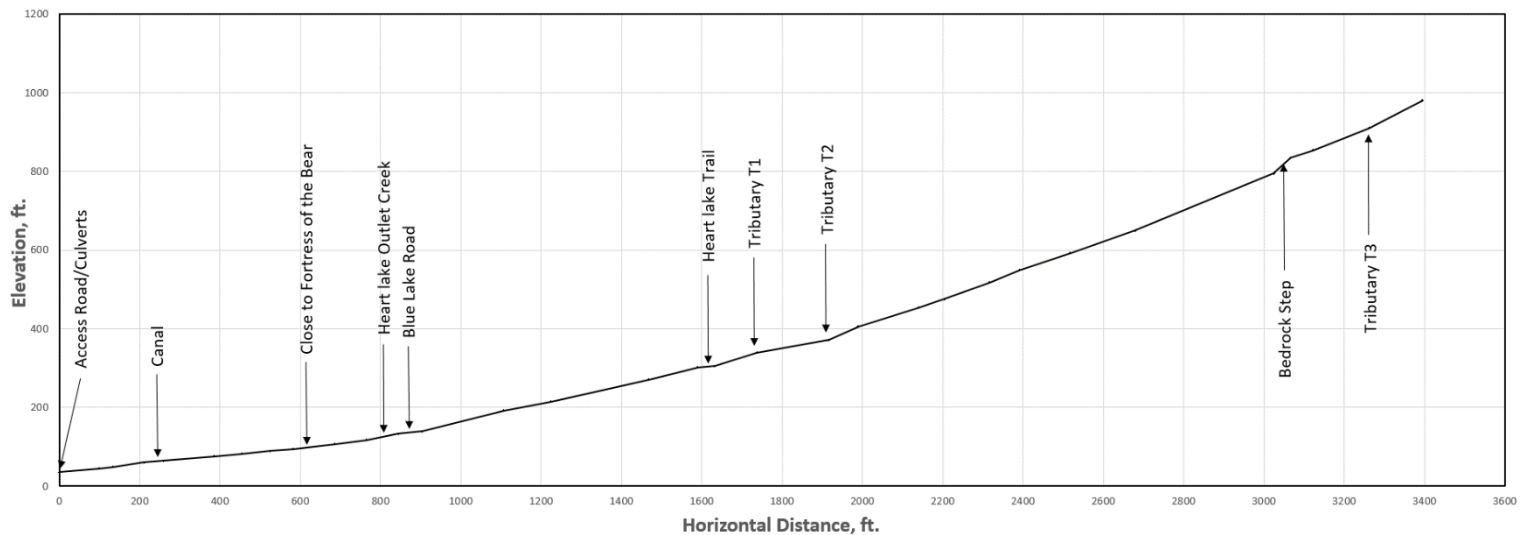
West Fork Sawmill Creek

As described above, the West Fork Sawmill Creek begins in an alpine basin on the southeast slopes of Mt. Verstovia, descends southeast to the Blue Lake Road, and then turns and flows generally east to its confluence with Sawmill Creek. It has four major tributaries along its path, including the outlet creek from Heart Lake. In this discussion, we name the tributary creeks above the Blue Lake Road as Tributaries T1, T2, etc. Because the main creek flows diagonally across the Mt. Verstovia slopes following a geologic fault, all but the Heart Lake outlet creek enter the West Fork Sawmill Creek on its left or uphill bank. Several of the tributary channels branch uphill into multiple channels.

During our field reconnaissance, we measured the debris flow channel width, slope and other characteristics of the main channel of the West Fork Sawmill Creek. To maximize the use of our time, our reconnaissance included making measurements in the main channel up to about Elevation 1,000 feet, and portions of Tributaries T1 through T3. We visually estimated characteristics of the main channel above Elevation 1,000, and used the LiDAR data to calculate channel slope. For our debris flow analyses we assumed the tributary channel flow characteristics would be similar to those in the main channel. Therefore, we made fewer

measurements in the tributary channels. The following profile shows the slopes along the bottom of the main channel.

West Fork Sawmill Creek Debris Flow Channel Profile



Debris flows in the West Fork Sawmill Creek likely begin along the main or tributary channel banks. We observed evidence for small landslides as low as the right bank below the Heart Lake Trail crossing. Landslides could initiate in numerous locations above that in the main channel or in a tributary. Further, we anticipate that late season wet snow avalanches that impact bare ground could mobilize soil and water and trigger a debris flow. The August 18, 2015, storm likely triggered a debris flow by bank erosion.

The following paragraphs summarize our channel observations:

Sawmill Creek to Blue Lake Road

The channel in this section is mostly low gradient, with slopes mostly between 8 and 14 percent. The channel is typically 15 to 30 feet wide, and is underlain by cobbly and bouldery alluvium, or bedrock. While the creek on average flows east below the Blue Lake Road, it has substantial bends, as shown in Figures 3 and 4.

The West Fork Sawmill Creek discharges into the main Sawmill Creek on its right bank, just downstream from the bridge that provides access to the hydroelectric facility and carries the

water supply pipeline. It flows under the Access Road in two culverts. At the time of our site visit, the right culvert was plugged with sediment, as shown in Photograph 10. Photograph 12 shows the West Fork Sawmill Creek looking upstream from the Access Road. The photograph shows a recently excavated overflow channel to the right, which flows about 80 feet north along the road and then turns east to discharge to Sawmill Creek. At the time of our site visit, the little water flowing in the West Fork Sawmill Creek discharged through the unplugged culvert. Photograph 12 also shows riprap bank protection near the culverts and some recently placed backfill to restore erosion damage.

About 250 feet upstream from the Access Road, a drainage canal intersects the right bank for the West Fork Sawmill Creek. At the time of our site visit, the creek channel at the confluence was dry and the canal was flowing less than 1 cubic feet per second. Bedrock was exposed in the channel bottom upstream from the canal (i.e., the slow stream flow was not in pervious alluvium below the channel). We believe that during low flow, water seeps out of the channel further upstream where it is underlain by alluvium. The canal likely was constructed to control groundwater seeping onto slopes above the Fortress of the Bear and the recycle center. Bedrock is present in the channel from about 200 to 500 feet upstream from the Access Road.

A small tributary stream flows into the West Fork Sawmill Creek on its right bank about 500 feet upstream from the Access Road. At the time of our site visit, the tributary stream was flowing about 10 gallons per minute and had considerable coloration apparently from iron-reducing bacteria. We did not observe evidence closely upstream from the confluence that debris flows had occurred in this portion of the tributary stream, or that it transported substantial sediment.

About 600 feet upstream from the Access Road, a bend in the creek brings it close to the Fortress of the Bear. The active creek channel is about 20 feet away from a 1.5 H:1V Vertical slope that descends about 40 to 50 feet down to the flat ground surrounding the bear enclosures. The intervening 20 feet is about 3 to 5 feet above the channel bottom. We observed minor stream sediment on the intervening berm, but no evidence that water had overflowed down to the Fortress of the Bear.

The remaining part of the channel up to the Blue Lake Road widens upstream, and is underlain by cobbles, boulders, and woody debris. It appears that the sediment is largely reworked (i.e., deposited by the stream as opposed to more poorly sorted debris flow deposits).

Blue Lake Road to Heart Lake Trail

The channel slopes in this segment range from about 20 to 25 percent. The channel is typically 30 to 50 feet wide, and is underlain by cobbly and bouldery alluvium, debris flow deposits, and bedrock. Above the Blue Lake Road, the channel follows the Silver Bay Fault, which trends southeast. The main channel segments above the Heart Lake Trail also mostly follow this fault zone.

Considerable stream and debris flow deposition occurred just above the Blue Lake Road. Photograph 8 shows poorly sorted, recently deposited sediment that contains extensive woody debris, which is typical of debris flow deposits.

The creek has undercut a portion of right bank, leaving a nearly 1H:1V slope. The slope is mostly underlain by colluvium; however, bedrock is exposed in places. A shallow colluvial landslide along the right stream bank is about 80 feet long, 20 feet high, and 1 to 3 feet deep. We anticipate the stream will continue to erode and transport sediment in this area. A debris flow could accumulate substantial volume in this area.

Most of this channel section appears to be a transition zone where debris flow material is conveyed downstream without additional accumulation and/or some deposition occurs. Most debris flow deposition apparently occurs within about 300 feet above the Blue Lake Road (horizontal distance).

Heart Lake Trail to Tributary T2

This channel segment is similar to the Blue Lake Road to Heart Lake Trail segment in channel slope and width. Levees formed from previous debris flows are present along the active channel, which shows that some debris flow deposition occurs. On average, it appears debris flows mostly bypass this segment (i.e., deposition and erosion are about equal).

Tributary T1 intersects the main channel about 150 feet upstream from the Heart Lake Trail, as shown in the above profile and in Figure 3. The tributary channel slopes about 40 percent, is about 20 feet wide, and is underlain by bedrock. The channel is choked with vegetation and woody debris, which indicates that a debris flow has not occurred for 20 years or more. Some cobbles and boulders were present on organic debris, which suggests substantial stream discharge occurs during flood events.

Tributary T2 forms a dendritic pattern of multiple channels as shown in Figure 3. Individual channel segments typically follow: the fall line, the Silver Bay Fault trend, or a north-northeast trend. We suspect the latter has geologic control. Figure 3 shows many of the incised channels of Tributary T2 extend into the alpine slopes of Mt. Verstovia. The tributary channels are mostly underlain by bedrock. Channel slope inclinations vary considerably. Those we explored ranged in slope between about 20 and 100 percent. The main tributary T2 channel shows evidence of recent debris flow activity, including deposits along its banks near the confluence with the main channel and recently eroded stream bank at a channel bend.

Tributary T2 to Tributary T3

Above Tributary T2, the main channel slope increases to an average of about 35 percent. Locally steeper sections occur where a resistant bedrock outcrops and causes a waterfall. For example, the bedrock step shown on the profile above has an average 95 percent slope. The active channel width is mostly about 15 to 35 feet wide. While the active channel is about 5 to 10 feet deep, much of the channel is in a deeply incised gully with recently vegetated banks. The gully may be more deeply incised than other creeks in the vicinity because of the Silver Bay Fault.

Photograph 13 shows a typical channel segment that is deeply incised, with some levee deposits on the banks. Much of the channel is underlain by bedrock. Photograph 14 shows older debris flow deposits just above the confluence with Tributary T2. Note the unsorted texture and large amount of large woody debris.

The lower portions of Tributary T3 that we explored were similar to Tributary T2, but with fewer dendritic channels. Much of the channel bottom was underlain by bedrock. The T3 channel flowed over a short cliff about 50 feet upstream from its confluence with the main channel.

Above Tributary T3

The channel steepens to 40 to 55 percent within 300 feet upstream from Tributary T3. Using LiDAR data, we calculate that the slopes progressively steepen upslope. Near the top of the ridge, the channel slopes are between 70 and 85 percent. The channel appears to broaden into a talus-filled gully as shown in Photograph 15. The LiDAR shows minor gullies on the right bank of the main channel. However, these gullies are short and not as deeply incised as

Tributaries T1, T2, and T3. We believe these could cause small landslides that would trigger a debris flow if the talus deposits in the main channel were saturated.

CONCLUSIONS

The conclusions and recommendations presented in this section are based on our field reconnaissance observations, debris flow modelling, and our experience with landslide and debris flow hazard evaluation and mitigation design. The following Table 2 summarizes our conclusions for channels along the Sawmill Creek Road Slope:

TABLE 2
CHANNEL DEBRIS FLOW POTENTIAL

Channel	Likelihood	Consequences
A	High	Additional landslides could occur near the existing headscarp and trigger debris flows. We recommend assuming a debris flow would be similar to the August 18, 2015, event.
B	Low	Small landslides could occur, but debris likely would not reach Sawmill Creek Road.
C	Moderate	A landslide occurring below the rocky escarpment could trigger a debris flow of similar size to the August 18, 2015, event. Because of the channel position, a debris flow could impact the Administration Building.
D	Low	If a deep-seated landslide occurred, it likely would affect the Blue Lake Road. We do not believe it would affect the Sawmill Creek Road.
E	Moderate	A debris flow likely would deposit most debris on the Blue Lake Road. Some debris could cross the road and deposit on the slopes below and on the Sawmill Creek Road. We do not believe a debris flow would cross the Sawmill Creek Road and impact buildings.
F	Moderate	A debris flow likely would deposit most debris on the Blue Lake Road. Some debris could cross the road and deposit on the slopes below and in the flat area south of the Fortress of the Bear enclosure. We do not believe a debris flow would reach the Sawmill Creek Road or the existing Fortress of the Bear buildings. Stream reworked sediment could affect the Sawmill Creek Road.
G	Low	A debris flow likely would deposit most debris in the low gradient basins above the Blue Lake Road. Some debris could be reworked by stormwater flow, and affect the Blue Lake Road. Stormwater flow that overtops the Blue Lake Road could transport reworked sediment towards the southwestern Fortress of the Bear enclosure.
H	Low	Small landslides could deliver sediment to the Heart Lake outlet creek. This sediment could plug the culvert under the Blue Lake Road.

We conclude debris flows will be common in the West Fork Sawmill Creek channel and its tributaries that are above the Blue Lake Road. Most debris flows will deposit cobbly and boulder sediment mostly between the Blue Lake Road and the Heart Lake Trail. In that area, most deposition likely will be within a few hundred feet upslope from the Blue Lake Road. The debris flow sediment could block the culverts under the Blue Lake Road. If larger or multiple debris flows occur, some sediment could be deposited on or overtop the Blue Lake Road. Downstream from the Blue Lake Road, we do not expect direct debris flow deposits. However, we expect sediment from the debris flow deposits will be reworked by stormwater flow, and transported downstream. Facilities downstream from the Blue Lake Road that could be affected:

- West Fork Sawmill Creek comes within about 20 feet of the slope down to the Fortress of the Bear. Sediment deposition in the channel near this slope could cause the channel to aggrade, which could lead to channel avulsion resulting in the creek flowing down the slope to the Fortress of the Bear.
- We understand sediment accumulation at the Access Road has affected operations. Potential damage from a large sediment load caused by reworked debris flow material includes: sediment filling the culverts under the road, flood overtopping and consequent erosion of the Access Road, and potential for damage to the buried water supply line in the Access Road.

Figure 4 shows our interpretation of the risk zones associated with the potential Sawmill Creek Road slope debris flow channels described in Table 2 and the paragraphs above for the West Fork Sawmill Creek. Our interpretation of the risk zones is based on runout analyses geologic judgment and experience. We relied heavily in our geomorphic interpretation of the LiDAR hillshade images presented in Figures 2 and 3. They show the corridors of erosion/incision and deposition, and relative ages of the related landforms, factors of particular importance in informing land use decisions.

RECOMMENDATIONS

Based on the foregoing, we recommend considering mitigation alternatives for Channels A and C along the Sawmill Creek Road Slope. For potential debris flows in the West Fork Sawmill Creek, we recommend considering mitigation alternatives at the Blue Lake Road, above the Fortress of the Bear, and at the Access Road.

Channel A Hazard Mitigation

We believe that future debris flows from the Channel A are likely in a storm with similar or greater rainfall intensity. Future debris flows likely will be smaller because less soil is available for triggering landslides, and less soil would be accumulated along the existing channel. Because the channel now has less soil and debris, it will have less resistance to flow. Therefore, we anticipate a smaller debris flow likely would still impact the GPIP Administration Building. We estimate future debris flows in Channel A could have a total volume between 500 and 1,000 cubic yards.

In our opinion, stabilizing the slopes in the debris flow initiation zone would not be practical. Therefore, remedial alternatives are limited to containing or redirecting a debris flow at or near the bottom of the slope. Because of the steepness of the roadway cut-slope and limited area, we do not recommend a berm to redirect a debris flow so it would flow onto and approximately parallel to the Sawmill Creek Road. Alternatives to arrest and contain a debris flow could be achieved by constructing a barrier. Because of the limited space, berms and other rigid barriers likely would not be practical. Therefore, we recommend considering a flexible debris flow barrier.

A flexible debris flow barrier consists of high-tensile steel wire netting and mesh that are supported by a steel cable on top. The top cable can be anchored to sides of a channel or supported on steel posts. The steel posts typically have anchor cables or bars to resist impact forces. Because the system is flexible, large deformation during debris flow impact and energy absorbing elements in the ropes substantially reduce peak loads during impact. Photographs 16 and 17 show a typical debris flow barrier, which was constructed on a slope along the Beartooth Highway near Red Lodge, Montana.

Flexible debris flow barriers have been constructed at numerous sites around the world, and have been successful in containing debris flows. We discussed the possibility of constructing a debris catchment fence with Tim Shevlin of Geobrugg North America, LLC (Geobrugg). Geobrugg is a primary manufacturer of debris catchment fences, has considerable experience worldwide, and is capable of providing catchment fence material.

Flexible debris flow barriers are commonly constructed across debris flow channels so the debris flow is contained in the channel upslope from the fence. Effective catchment requires an understanding of total debris flow volume, flow velocity, and peak discharge. The catchment

area must be capable of storing the total debris flow. Once a debris flow occurs, the debris should be removed to provide catchment volume for subsequent debris flows. Therefore, the barrier should be constructed at a location where construction equipment and personnel can access to perform maintenance.

We recommend considering three flexible debris flow barrier alternatives at the locations shown on Figure 4:

- **Location 1:** A barrier at the base of the slope and next to the road would prevent coarse sediment from flowing onto the road and would protect the Administration Building. Because flexible debris flow barriers are made of wire rope, water, mud, and fine sediment can pass through the barrier. Therefore, the road would still receive mud and fine sediment.
- **Location 2:** A barrier could be constructed per Location 1, but with excavation to create additional storage at the bottom of the channel. This would require making a cut-slope that is steeper than the existing roadway cut-slopes. We anticipate excavated slopes could be as steep as 1.25H:1V if underlain by glacial till and 1H:1V if underlain by rock. Where practical, the channel bottom should be excavated so it has a gentle slope near the roadway and fence. The gentle slope would promote deposition, reduce impact loads on the catchment fence and facilitate maintenance.
- **Location 3:** A barrier between Sawmill Creek Road and the Administration Building parking lot. In our opinion, a flexible debris flow barrier at this location would protect the Administration Building from impact by logs and coarse sediment. A ditch or other water diversion measures may be needed to protect the building from mud and fine sediment that could pass through the barrier.

We made preliminary calculations to estimate the size of a flexible debris flow barrier that would be required to capture future debris flows. For a barrier at the bottom of the slope, we calculated the dimensions assuming likely total debris flow volume that would need to be retained and the slope geometry. When calculating barrier dimensions, at the base of the slope, we assumed that a future debris flow would come to rest with an angle of repose of 5H:1V parallel to the slope fall line, and 3H:1V perpendicular to the slope fall line. For a barrier between the road and parking lot, we estimated the debris thickness from photographs provided by CBS of the August 18, 2015, debris flow. Our preliminary conclusions:

- **Location 1:** Because of the steep cut-slope above the roadway, a flexible barrier has limited capacity to retain sediment. We estimate a 100-foot-long barrier would need

- to be 18 feet high to retain 1,000 cubic yards, and about 12 feet high to retain 500 cubic yards. We estimate a 120-foot-long barrier would be needed.
- **Location 2:** The required barrier height would depend on the amount of storage excavated. For example, steepening the existing slope to 1.25H:1V over a height of 30 feet and 60-foot width would create about 250 cubic yards of storage. With this additional storage, a 15-foot-high barrier could retain about 1,000 cubic yards. We estimate a 120-foot-long barrier would be needed.
 - **Location 3:** A barrier about 10 feet high, such as the Geobrugg shallow landslide SL-150 with a spiral rope net should be effective stopping debris between Sawmill Creek Road and the Administration Building parking lot. A minimum 200-foot-long barrier would be needed.

The following Table 3 summarizes advantages and disadvantages for each site.

TABLE 3
MITIGATION MEASURE ADVANTAGES AND DISADVANTAGES

Location	Advantages	Disadvantages
1	<ul style="list-style-type: none"> Prevents most debris from impacting Sawmill Creek Road. Barrier away from other infrastructure. 	<ul style="list-style-type: none"> Less effective storage because of steep slopes. Moderate access for maintenance. May require special excavation equipment and drilling equipment. Moderate access for construction. Higher cost barrier.
2	<ul style="list-style-type: none"> Same as Location 1. Lower height barrier than Location 1. Lower cost barrier than Location 1. A wider flat storage area behind the barrier would facilitate maintenance. 	<ul style="list-style-type: none"> Moderate storage because of steep slopes. May require subsurface explorations to design steeper road cut. Excavation costs. Higher cost barrier.
3	<ul style="list-style-type: none"> Lowest cost barrier. Good access for construction. Good access for maintenance. 	<ul style="list-style-type: none"> Would limit access to the Administration Building to the ends of the barrier. The barrier could be considered unsightly. That could be mitigated with landscaping. The barrier will require about a 10-foot width to accommodate anchorage ropes or bars.

We discussed the probable construction cost of flexible barriers with Tim Shevlin at GeoBrugg. We recommend considering two types of flexible barriers:

- Geobrugg SL-150 is described as a flexible shallow landslide barrier. It is suitable for moderate energy landslides and debris flows. The typical installation has a maximum height of 3.5 meters (11.5 feet). Higher flexible barriers of this type can be custom fabricated.
- Geobrugg UX-180 is intended to resist rapidly moving debris flows or mudflows. The UX flexible barriers are designed specifically for each application. They have a maximum height of 6 meters (20 feet).

Tim Shevlin provided the following information typical material cost information:

- SL-150 120 feet long, 11.5 feet high – \$425 per lineal foot
- SL-150 120 feet long, 20 feet high – \$750 per lineal foot (very rough estimate)
- UX-180 – 130 feet long, 20 feet high – \$1,150 per lineal foot

Based on Geobruigg experience with typical construction costs, we recommend using the following estimates presented in Table 4 below to compare alternatives. We do not recommend using these concept-level opinions of probable construction cost to develop project budgets. Additional design and developing opinions of probable construction cost should be performed first.

TABLE 4
POTENTIAL CONSTRUCTION COSTS

Barrier Model	Length	Materials Cost Per LF⁴	Materials and Installation⁵ Cost Per LF	Total⁶
Location 3, SL-150 – 11.5 feet high	200 feet	\$425	\$1,488	\$300,000
Location 3, SL-150 – 11.5 feet high	300 feet	\$425	\$1,488	\$450,000
Locations 1 and 2, ¹ Custom SL-150 – 20 feet high ²	120 feet	\$750	\$2,625	\$315,000
Locations 1 and 2, Custom UX-180 – 20 feet high ³	120 feet	\$1,150	\$4,025	\$485,000

Notes:

¹. Does not include excavation cost at Location 2.

². Very rough estimate.

³. Cost based on a recent Geobrugg North America, LLC project in Canada.

⁴. LF = lineal foot

⁵. Cost for lower 48 states typically three times the material cost. Assume cost for Alaska is three and a half times the material cost.

⁶. Rounded

Channel C Hazard Mitigation

We believe that Channel C has moderate potential to cause a future debris flow. We anticipate it would be similar in size to the August 18, 2015, debris flow that occurred in Channel A.

Therefore, we recommend assuming it would have a total volume on the order of 2,000 cubic yards. In our opinion, it would not be practical to use a flexible debris flow barrier to retain that volume at the base of the slope and next to the road. If CBS elects to construct protection measures for possible debris flows emanating from Channel C, we recommend constructing a barrier at Location 3. In our opinion, the flexible barrier recommended for Channel A could be lengthened to about 300 feet to provide protection for Channels A and C. The discussion above and concept level of probable costs discussed for Channel A apply.

Channels B, D, E, F, G, and H

In our opinion, debris flows from these channels are not likely to impact buildings. Therefore, we do not recommend hazard mitigation measures. We believe the CBS maintenance practices

for the Blue Lake Road would be an effective strategy for dealing with debris flows that might rarely affect the road.

West Fork Sawmill Creek

As described above, we recommend considering mitigation alternatives for sediment accumulation and culvert blockage at the Blue Lake Road and at the Access Road, and for possible channel avulsion above the Fortress of the Bear.

Blue Lake Road

In our opinion, most debris flows in the West Fork Sawmill Creek deposit upstream from the Blue Lake Road. Sediment transport below the Blue Lake Road is primarily by fluvial sediment transport. However, substantial debris flow deposits upstream from the Blue Lake Road can block culverts, overtop the roadway causing fluvial erosion and deposition, and provide a ready source for sediment transport downstream. We understand CBS excavated substantial debris flow deposits from the West Fork Sawmill Creek channel at and just above the Blue Lake Road to restore the roadway surface, unplug culverts, and provide sediment storage for future debris flow events.

We recommend considering several alternatives to protect the Blue Lake Road and to facilitate maintenance:

1. Excavate additional storage upstream from the Blue Lake Road. Our modelling indicates debris flow volumes deposited within about 300 feet upstream from Blue Lake Road could be on the order of 1,000 to 3,000 cubic yards.

Limited potential exists for excavating additional sediment storage upstream from the Blue Lake Road. Photograph 9 shows that the CBS excavations made on August were limited because of bedrock. Additional storage could be created by excavating further upstream and to the banks on either side of the river. We visually estimate that the total storage with additional excavation could be on the order of 1,000 cubic yards.

2. Raise Blue Lake Road to increase sediment storage potential, and to reduce the potential for the creek overtopping and eroding the roadway.

Additional sediment storage could be created by raising Blue Lake Road at the West Fork Sawmill Creek crossing. Assuming sediment accumulates for about 200 feet upstream and the average channel width is 60 feet, each foot of additional height would provide about 450 cubic yards of sediment storage. Assuming excavations of

sediment in the existing channel would be on the order of 1,000 cubic yards, the roadway would need to be raised 4 to 5 feet to provide a total 3,000 cubic yards of sediment storage. Excavated material in the channel could be used to increase the height of the road.

3. Replace the culverts with a vented ford with a removable deck to facilitate cleaning and that provides an armored high-water crossing.

Photographs 18 through 23 show concrete box vented fords with culverts that have removable steel or concrete decks. The roadway has a dip that is designed to pass the creek flow if the culvert becomes plugged or if the discharge exceeds the culvert capacity. Photographs 18 through 21 show low water crossings where the dip is armored with concrete to prevent erosion. Photographs 22 and 23 show a low water crossing armored with articulated concrete panels and riprap. The culvert can be sized for fish passage and other environmental considerations. We recommend constructing a trash rack at the inlet to reduce potential for large sediment entering the culvert to reduce cleaning.

Creek Bank Above Fortress of the Bear

During our field reconnaissance, we observed that a portion the natural creek bank above a portion of the slope down to the Fortress of the Bear enclosures is low and narrow. We observed some recent sediment on the top of the creek bank, suggesting that the creek flow was close to overtopping during the August 18, 2015, storm. If the stream is aggrading because of rapid sediment accumulation, this potential could be worsening.

Evaluating potential stream avulsion is not part of our scope of services or in our area of expertise. We recommend that a fluvial geomorphologist and/or a hydraulic engineer evaluate the potential for stream avulsion.

Access Road

The culverts under the Access Road appear vulnerable to plugging, and are difficult to clean. The overflow channel CBS constructed should alleviate flooding and associated erosion potential, provided it is maintained. For example, small floods that do not impair the culverts could deposit sediment in the overflow channel and reduce its effectiveness in a subsequent larger flood.

An alternative to reduce future maintenance could include constructing a vented ford as described above. The vented ford should include a removable deck to facilitate cleaning, a trash

rack to prevent large sediment from entering the culvert, and a culvert section that promotes sediment transport.

ADDITIONAL SERVICES

This letter report provides concept-level and preliminary design recommendations for debris flow hazard mitigation measures. It is intended to provide information for CBS to select hazard mitigation measures it may implement. Additional design should be performed before mitigation measures are budgeted and constructed. Additional services that may be required include:

Flexible Debris Flow Barrier Design

Flexible debris flow barriers typically are designed by the supplier. The contract documents should specify the maximum debris flow height, volume, and velocity. They should also specify the flexible barrier location, including the starting and ending elevation of each barrier segment. Survey data should be provided that is accurate to +/- 6 inches. The survey data can be based on a local datum. Therefore, we recommend surveying the area where a flexible barrier will be constructed. The survey should extend upslope if excavation will be performed to increase the sediment storage.

Foundation design for posts and anchors can be performed by the owner's team or by the contractor. If the contractor performs the design, the owner typically provides allowable bearing capacity for the post foundations and soil and/or rock bond stress for anchor design.

Blue Lake Road and Access Road

We recommend surveying the Blue Lake Road at the West Fork Sawmill Creek crossing to provide sufficient accurate data to design excavations and or raising the roadway to increase sediment storage. A survey will be needed if a vented ford will be designed and constructed. A hydraulic and civil engineer should be retained to size a vented ford, including the culvert and high-water crossing. Because the work would be constructed in a creek and could affect nearby wetlands, environmental permits likely would be needed.

Creek Bank Above Fortress of the Bear

As described above, we recommend that a fluvial geomorphologist and/or a hydraulic engineer evaluate the potential for stream avulsion. Additional surveying likely will be needed.

CLOSING REMARKS

The analyses, conclusions, and recommendations contained in this letter report are based on site conditions as they presently exist, and further assume that our interpretations from our field reconnaissance are representative. This letter report should not be used for final design. It is intended to provide information to select mitigation alternatives. Additional design should be performed to develop construction documents, and for cost estimates suitable for budgeting purposes. If there is a substantial lapse of time between the submission of this letter report and final design or if conditions have changed because of natural forces or construction operations at or adjacent to the site, we recommend that we review our letter report to determine the applicability of the conclusions and recommendations.

Within the limitations of scope, schedule, and budget, the analyses, conclusions, and recommendations presented in this letter report were prepared in accordance with generally accepted professional geotechnical engineering principles and practice in this area at the time this letter report was prepared. We make no other warranty, either express or implied. These conclusions and recommendations were based on our understanding of the project as described in this letter report and the site conditions, as observed at the time of our reconnaissance.

This letter report was prepared for the exclusive use of CBS to select debris flow hazard mitigation measures. The data and letter report could be provided to contractors for their information, but our letter report, conclusions, and interpretations should not be construed as a warranty of subsurface conditions included in this letter report.

The scope of our services did not include environmental assessments or evaluations regarding the presence or absence of wetlands or hazardous or toxic substances in the soil, surface water, groundwater, or air on or below or around this site, or for the evaluation or disposal of contaminated soils or groundwater, should any be encountered.

Shannon & Wilson has prepared and enclosed an “Important Information About Your Geotechnical/Environmental Report” to assist you and others in understanding the use and limitations of our reports.

Mr. Dan Tadic, PE
City and Borough of Sitka
November 18, 2016
Page 29 of 29

SHANNON & WILSON, INC.

We appreciate this opportunity to be of service. If you have any questions, please contact Bill Laprade at (206) 695-6891 or Chris Robertson at (206) 695-6763.

Sincerely,

SHANNON & WILSON, INC.



William T. Laprade, LEG
Senior Vice President



Christopher A. Robertson, PE
Vice President

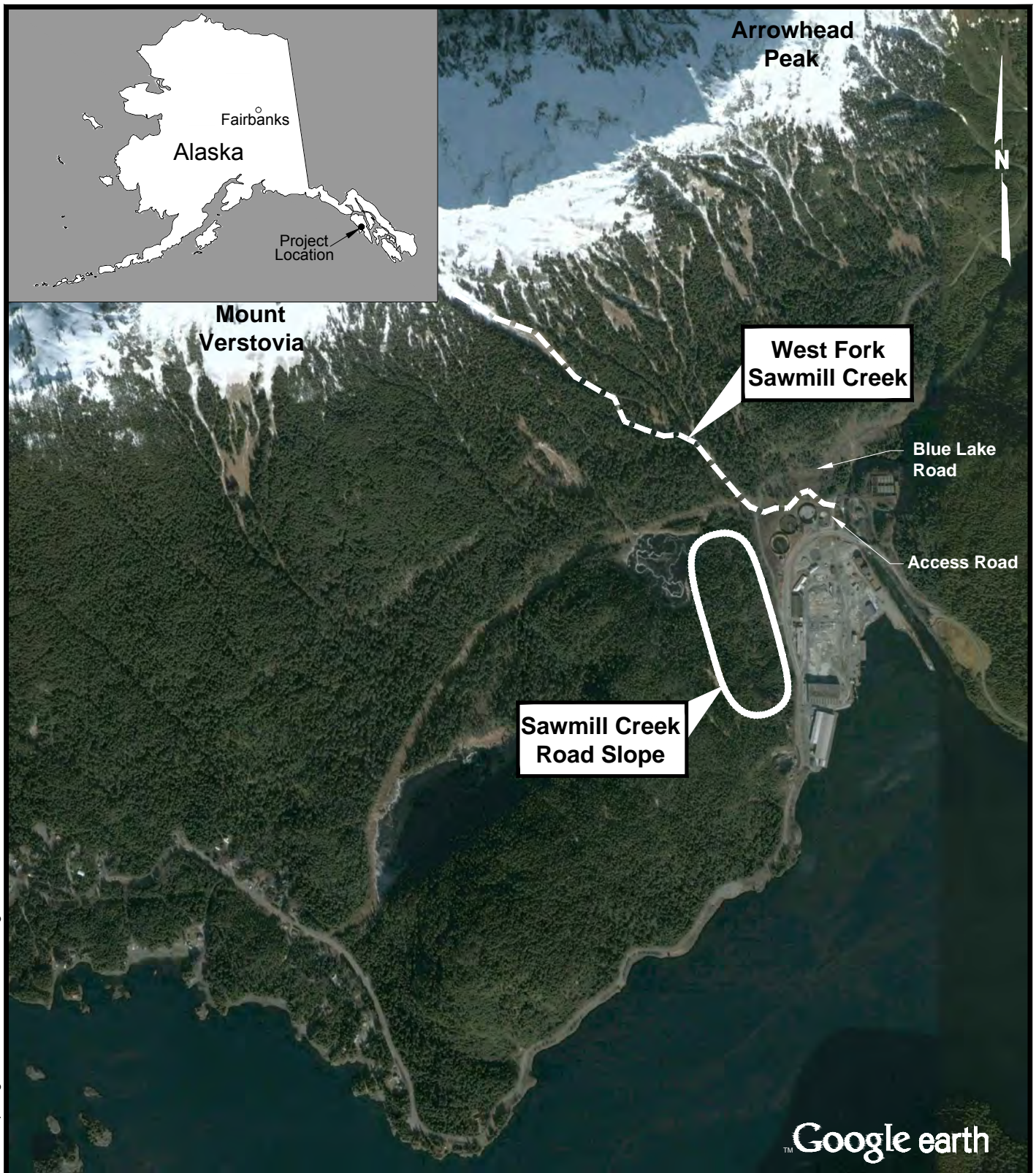
CAR:WTL/car

Enc: References

- Figure 1 – Vicinity Map
- Figure 2 – Sawmill Creek Road Slopes LiDAR Site Plan
- Figure 3 – West Fork Sawmill Creek LiDAR Site Plan
- Figure 4 – Topographic Site Plan and Debris Flow Risk
- Photographs 1 through 23
- Important Information About Your Geotechnical/Environmental Report

REFERENCES

- Alaska Division of Geological & Geophysical Surveys, 2015, LiDAR digital earth model, Sitka, Alaska: Data set available: <http://maps.dggs.alaska.gov/elevationdata/#-16000000:9338001:4>.
- Karl, S. M.; Haeussler, P. J.; Himmelberg, G. R., and others, 2015, Geologic map of Baranof Island, southeastern Alaska: U.S. Geological Survey Scientific Investigations Map 3335, 82 p., 1 sheet, scale 1:200,000.
- U.S. Army Cold Regions Research and Engineering Laboratory, 2016, LiDAR digital earth model, Sitka, Alaska: Data set produced through a cooperative project of the National Park Service, State of Alaska, and the US Army Corps of Engineers, provided to Shannon & Wilson, Inc. by CRREL.
- University of British Columbia Civil Engineering Department, [n.d.], UBCDFLOW: Available: <http://dflow.civil.ubc.ca/index.php>.



NOTE

Map adapted from aerial imagery provided by Google Earth Pro, reproduced by permission granted by Google Earth™ Mapping Service.

Gary Paxton Industrial Park
Debris Flow Analysis
City and Borough of Sitka, Alaska

VICINITY MAP

November 2016

21-1-22168-002

SHANNON & WILSON, INC.
GEOTECHNICAL AND ENVIRONMENTAL CONSULTANTS

FIG. 1



Heart Lake Outlet Creek

Access Road

Recycling Facility

Fortress Of The Bear

Bedrock Escarpment

18-AUG-2015 Debris Flow

Administration Building

Sawmill Cove

Sawmill Creek Rd

Blue Lake Rd



0 200
Feet

Gary Paxton Industrial Park
Debris Flow Analysis
City and Borough of Sitka, AK

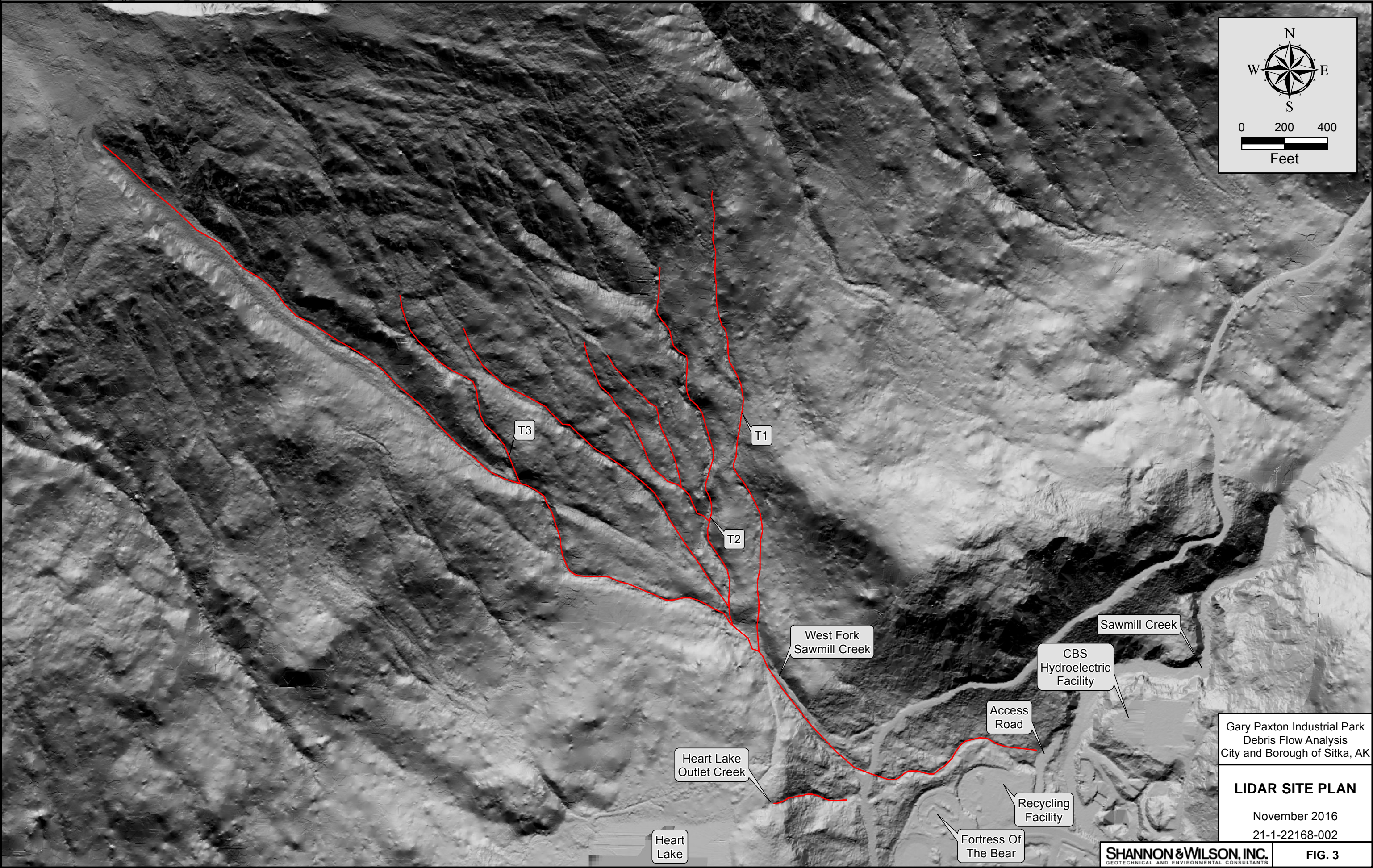
**SAWMILL ROAD CREEK SLOPE
LIDAR SITE PLAN**

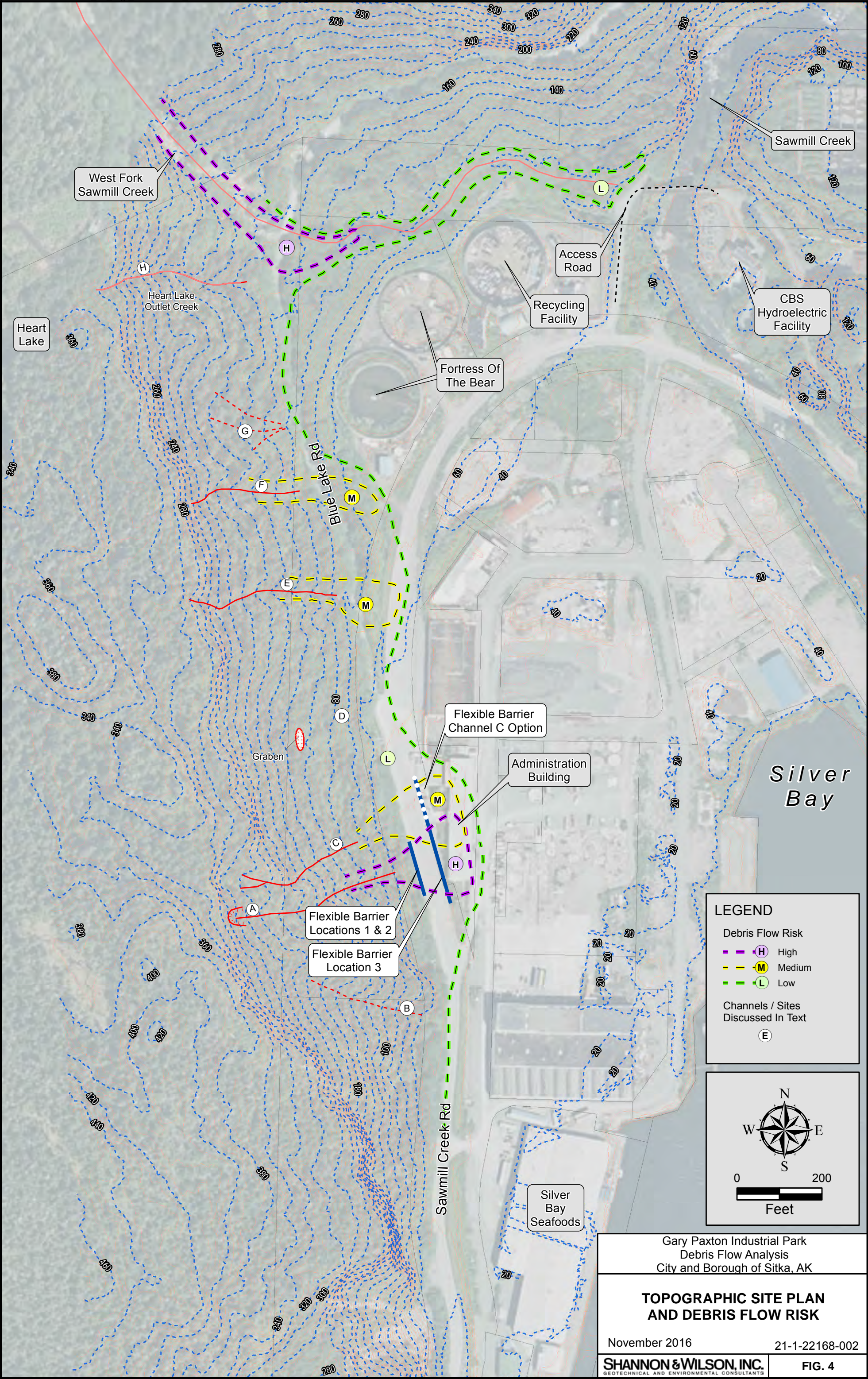
November 2016

21-1-22168-002

SHANNON & WILSON, INC.
GEOTECHNICAL AND ENVIRONMENTAL CONSULTANTS

FIG. 2







Photograph 1. Debris against administration building on August 18, 2015.
Photograph provided by CBS



Photograph 2. Sawmill Creek Road debris flow on August 21, 2015.
Photograph provided by CBS

November 2016
21-1-22168-002

SITE PHOTOGRAPHS

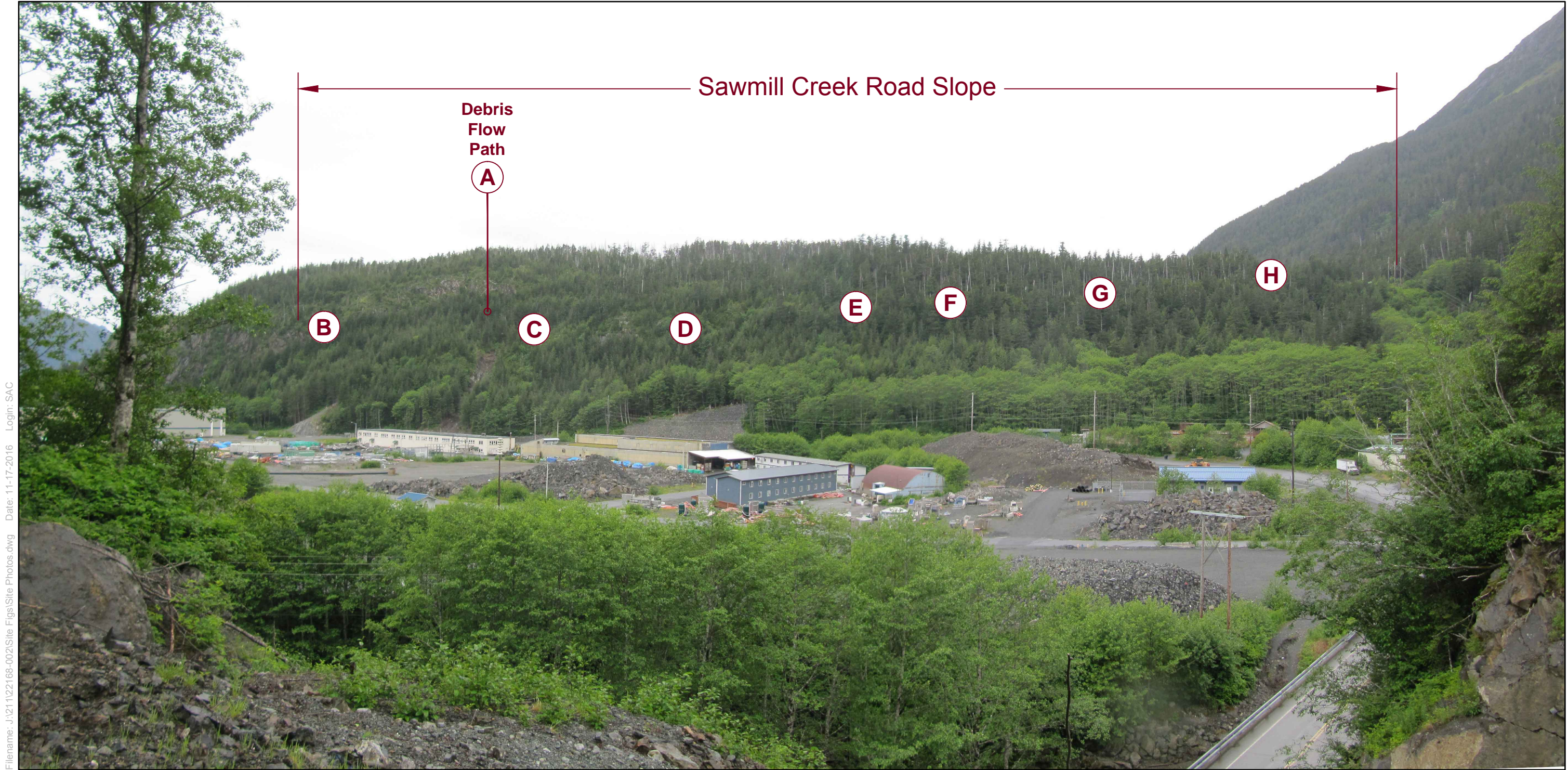


Photograph 3. Damage to Administration Building from Sawmill Creek Road debris flow. Photograph provided by CBS

November 2016
21-1-22168-002

SITE PHOTOGRAPHS

Sheet 2 of 13



Photograph 4. Sawmill Creek Road view looking west.



Photograph 5. Sawmill Creek Road debris flow initiation area.
Photograph taken May 31, 2016



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Photograph 6. Sawmill Creek Road debris flow path, looking east.
Photograph taken May 31, 2016

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SITE PHOTOGRAPHS



Photograph 7.
Head of West Fork Sawmill
Creek debris flow channel.

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Photograph 8. West Fork Sawmill Creek channel, upstream from Blue Lake Road
on August 19, 2015. Photograph provided by CBS

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SITE PHOTOGRAPHS



Photograph 9. West Fork Sawmill Creek channel, upstream of Blue Creek Road crossing on June 2, 2016. Note rock outcrop in creek channel.



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Photograph 10. West Fork Sawmill Creek twin culvert beneath hydroelectric facility access road. Note right culvert is filled with debris. Photograph taken May 31, 2016.

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SITE PHOTOGRAPHS



Photograph 11. Small landslide at the top of channel B. Note bedrock above and to the right of the landslide scar. Photograph taken June 1, 2016.



Photograph 12. West Fork Sawmill Creek, looking upstream from hydro electric facility access road. Overflow channel is to the right.

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SITE PHOTOGRAPHS



Photograph 13.
West Fork Sawmill Creek
below bedrock step. Note
steep side, recent vegetation
and mostly bedrock outcrop
in channel bottom.

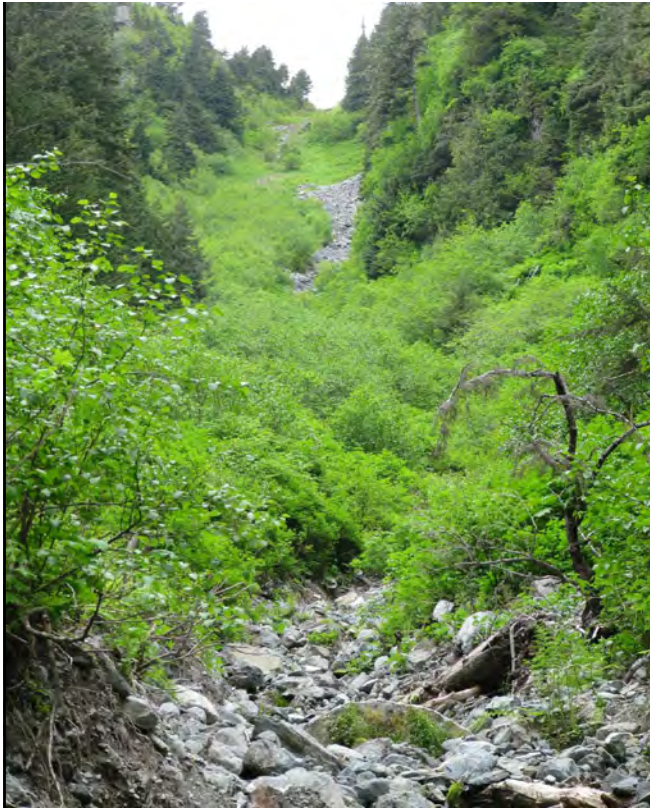
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Photograph 14. West Fork Sawmill Creek just upstream from confluence with
Tributary 2. Note large wood in previous unsorted
debris flow deposits.

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SITE PHOTOGRAPHS



Photograph 15.
Upper, steep segments of
West Fork Sawmill Creek.

Filename: J:\211\22168-002\Site Figs\Site Photos.dwg Date: 11-17-2016 Login: SAC



Photograph 16. Typical flexible debris flow barrier that was installed along the Beartooth Highway, MT, in 2005.

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21-1-22168-002

SITE PHOTOGRAPHS



Photograph 17. Typical flexible debris flow barrier profile view.
Beartooth Highway, 2005.



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Photograph 18. Vented ford with steel grate cover over box culvert. Note concrete armor for flood flow.

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SITE PHOTOGRAPHS



Photograph 19. Vented ford: close up of steel grate cover and trash rock.



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Photograph 20. Vented ford with removable concrete cover over box culvert.

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SITE PHOTOGRAPHS

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Photograph 21. Vented ford looking downstream through box culvert.

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SITE PHOTOGRAPHS

Sheet 12 of 13



Photograph 22. Vented ford looking downstream through box culvert.
Note articulated concrete mat and riprap erosion protection.



Photograph 23.
Close up of vented
ford in Photograph 22
showing removable
metal grate over box
culvert and articulated
concrete mat.

November 2016
21-1-22168-002

SITE PHOTOGRAPHS



Date:	November 18, 2016
To:	Mr. Dan Tadic, PE
	City and Borough of Sitka, Alaska

IMPORTANT INFORMATION ABOUT YOUR GEOTECHNICAL/ENVIRONMENTAL REPORT

CONSULTING SERVICES ARE PERFORMED FOR SPECIFIC PURPOSES AND FOR SPECIFIC CLIENTS.

Consultants prepare reports to meet the specific needs of specific individuals. A report prepared for a civil engineer may not be adequate for a construction contractor or even another civil engineer. Unless indicated otherwise, your consultant prepared your report expressly for you and expressly for the purposes you indicated. No one other than you should apply this report for its intended purpose without first conferring with the consultant. No party should apply this report for any purpose other than that originally contemplated without first conferring with the consultant.

THE CONSULTANT'S REPORT IS BASED ON PROJECT-SPECIFIC FACTORS.

A geotechnical/environmental report is based on a subsurface exploration plan designed to consider a unique set of project-specific factors. Depending on the project, these may include: the general nature of the structure and property involved; its size and configuration; its historical use and practice; the location of the structure on the site and its orientation; other improvements such as access roads, parking lots, and underground utilities; and the additional risk created by scope-of-service limitations imposed by the client. To help avoid costly problems, ask the consultant to evaluate how any factors that change subsequent to the date of the report may affect the recommendations. Unless your consultant indicates otherwise, your report should not be used: (1) when the nature of the proposed project is changed (for example, if an office building will be erected instead of a parking garage, or if a refrigerated warehouse will be built instead of an unrefrigerated one, or chemicals are discovered on or near the site); (2) when the size, elevation, or configuration of the proposed project is altered; (3) when the location or orientation of the proposed project is modified; (4) when there is a change of ownership; or (5) for application to an adjacent site. Consultants cannot accept responsibility for problems that may occur if they are not consulted after factors which were considered in the development of the report have changed.

SUBSURFACE CONDITIONS CAN CHANGE.

Subsurface conditions may be affected as a result of natural processes or human activity. Because a geotechnical/environmental report is based on conditions that existed at the time of subsurface exploration, construction decisions should not be based on a report whose adequacy may have been affected by time. Ask the consultant to advise if additional tests are desirable before construction starts; for example, groundwater conditions commonly vary seasonally.

Construction operations at or adjacent to the site and natural events such as floods, earthquakes, or groundwater fluctuations may also affect subsurface conditions and, thus, the continuing adequacy of a geotechnical/environmental report. The consultant should be kept apprised of any such events, and should be consulted to determine if additional tests are necessary.

MOST RECOMMENDATIONS ARE PROFESSIONAL JUDGMENTS.

Site exploration and testing identifies actual surface and subsurface conditions only at those points where samples are taken. The data were extrapolated by your consultant, who then applied judgment to render an opinion about overall subsurface conditions. The actual interface between materials may be far more gradual or abrupt than your report indicates. Actual conditions in areas not sampled may differ from those predicted in your report. While nothing can be done to prevent such situations, you and your consultant can work together to help reduce their impacts. Retaining your consultant to observe subsurface construction operations can be particularly beneficial in this respect.

A REPORT'S CONCLUSIONS ARE PRELIMINARY.

The conclusions contained in your consultant's report are preliminary because they must be based on the assumption that conditions revealed through selective exploratory sampling are indicative of actual conditions throughout a site. Actual subsurface conditions can be discerned only during earthwork; therefore, you should retain your consultant to observe actual conditions and to provide conclusions. Only the consultant who prepared the report is fully familiar with the background information needed to determine whether or not the report's recommendations based on those conclusions are valid and whether or not the contractor is abiding by applicable recommendations. The consultant who developed your report cannot assume responsibility or liability for the adequacy of the report's recommendations if another party is retained to observe construction.

THE CONSULTANT'S REPORT IS SUBJECT TO MISINTERPRETATION.

Costly problems can occur when other design professionals develop their plans based on misinterpretation of a geotechnical/environmental report. To help avoid these problems, the consultant should be retained to work with other project design professionals to explain relevant geotechnical, geological, hydrogeological, and environmental findings, and to review the adequacy of their plans and specifications relative to these issues.

BORING LOGS AND/OR MONITORING WELL DATA SHOULD NOT BE SEPARATED FROM THE REPORT.

Final boring logs developed by the consultant are based upon interpretation of field logs (assembled by site personnel), field test results, and laboratory and/or office evaluation of field samples and data. Only final boring logs and data are customarily included in geotechnical/environmental reports. These final logs should not, under any circumstances, be redrawn for inclusion in architectural or other design drawings, because drafters may commit errors or omissions in the transfer process.

To reduce the likelihood of boring log or monitoring well misinterpretation, contractors should be given ready access to the complete geotechnical engineering/environmental report prepared or authorized for their use. If access is provided only to the report prepared for you, you should advise contractors of the report's limitations, assuming that a contractor was not one of the specific persons for whom the report was prepared, and that developing construction cost estimates was not one of the specific purposes for which it was prepared. While a contractor may gain important knowledge from a report prepared for another party, the contractor should discuss the report with your consultant and perform the additional or alternative work believed necessary to obtain the data specifically appropriate for construction cost estimating purposes. Some clients hold the mistaken impression that simply disclaiming responsibility for the accuracy of subsurface information always insulates them from attendant liability. Providing the best available information to contractors helps prevent costly construction problems and the adversarial attitudes that aggravate them to a disproportionate scale.

READ RESPONSIBILITY CLAUSES CLOSELY.

Because geotechnical/environmental engineering is based extensively on judgment and opinion, it is far less exact than other design disciplines. This situation has resulted in wholly unwarranted claims being lodged against consultants. To help prevent this problem, consultants have developed a number of clauses for use in their contracts, reports, and other documents. These responsibility clauses are not exculpatory clauses designed to transfer the consultant's liabilities to other parties; rather, they are definitive clauses that identify where the consultant's responsibilities begin and end. Their use helps all parties involved recognize their individual responsibilities and take appropriate action. Some of these definitive clauses are likely to appear in your report, and you are encouraged to read them closely. Your consultant will be pleased to give full and frank answers to your questions.

The preceding paragraphs are based on information provided by the
ASFE/Association of Engineering Firms Practicing in the Geosciences, Silver Spring, Maryland

CITY AND BOROUGH OF SITKA
Gary Paxton Industrial Park
BIDDING INSTRUCTIONS

FOR THE SALE OF: 4600 Sawmill Creek Rd., otherwise known as the Administration Building, located at the Gary Paxton Industrial Park, legally described as follows:

Lot 23, Block 4, Sawmill Cove Park Resubdivision No. 1, according to the plat thereof filed November 20, 2008, as Plat No. 2008-27, Sitka Recording District, First Judicial District, State of Alaska

The City and Borough of Sitka (CBS) is conducting a sealed bid sale of municipally owned property and accepting bids until 2 p.m., Thursday, October 11, 2018. The parcel offered for sale is the former Administration Building (Lot 23) of the Gary Paxton Industrial Park, located at 4600 Sawmill Creek Rd, in Sitka, Alaska. Bid documents may be downloaded from the web: www.cityofsitka.com (click on the BIDS and RFP link).

All Bids are due no later than 2 p.m. Thursday, October 11, 2018

I. Bid Procedures

1. Sealed Bid Sale.

The CBS parcel located at 4600 Sawmill Creek Rd is being sold via a sealed bid process. There is no Minimum bid.

Sealed bids will be accepted at the above-noted address until 2 p.m. on October 11, 2018. The CBS will **NOT** be able to accept any bids as of 2:01 P.M.

2. Submittals.

All bidders must provide in a sealed envelope:

- a) Proposed purchase price offer;**
- b) The Bid Form (Form A);**
- c) Bidders must provide written acknowledgement that they have read and understand the November 18, 2016 Gary Paxton Industrial Park Debris Flow Analysis completed by Shannon & Wilson, Inc.: and**
- d) Bidders must provide written acknowledgement that they have read and understand Sitka General Code 20.01.010 – Landslide Area Management.**

3. Disqualifications.

Any of the following shall automatically disqualify a bid:

- a) Bid is received after 2:00 P.M. on the October 11, 2018 (a bid received at or after 2:01 P.M. on October 11th is TOO LATE).**
- b) Bid form and other required forms, as applicable, are not completed in full, submitted, and manually signed.**

4. Bid Opening.

Immediately following the bid closure date and time, all bids will be opened in the Municipal Clerk's office on the 3rd floor of city hall, located at 100 Lincoln St, and a winning qualified bidder may be determined as the Purchaser.

The highest qualifying bidder shall tentatively be named successful bidder and will be notified by phone and in writing by the CBS. The bidder so notified **MUST**, within fifteen (15) business days of receipt of written notification, properly complete, sign, and return the Purchase Agreement (see attached sample).

At closing, the successful bidder(s) will pay the balance of the purchase bid price and all costs associated with the sale.

5. Additional Qualifications.

Any bidder who is an employee, elected official, appointed officer, paid or unpaid member of boards, commissions, or committees of the CBS or an immediate family member of such an individual is also required to complete the financial disclosure and conflict of interest report (Form C) included in the bid brochure. CBS reserves the right to refuse any bid, which has the potential for conflict of interest or collusion of parties determined to have participated in the selection, classification, valuation or bidding process of the parcels included in this disposal.

6. Other.

The CBS is not obligated to sell its interest in the parcel identified in this bid brochure, nor pay any costs incurred by parties participating in the submission or preparation of bids. The CBS reserves the right to: **a)** reject any and all bids; **b)** reject any and all parties whom it has determined do not meet the qualification requirements; **c)** accept a bid without further discussions; **d)** waive any informality in the bids received; **e)** tentatively accept a bid in the best interest of the CBS; and **f)** withdraw the parcel from this bid offering at any time for any reason.

II. Terms and Conditions of the Sale

1. The successful bidder as Purchaser shall be responsible for paying all closing costs which will include, but are not limited to: appraisal cost, title insurance (if Purchaser so chooses to acquire), recording fees, deed preparation, commissions or other fees associated with closing.
2. The Seller's interest in the subject property shall be conveyed by Quitclaim deed, subject to the following: **a)** rights of way granted to the City and Borough of Sitka to replace any existing municipal intergovernmental right of way permits, including the Gary Paxton Industrial Park Sign; **b)** assessments, reservations, exceptions, easements, rights of way, covenants, conditions and restrictions of record or created by operation of law; **c)** governmental regulations including but not limited to, setbacks, use classifications or zoning, special permit requirements; **d)** any matters including, but not limited to, existing trails or encroachments, which would be disclosed to the buyer by actual inspection or survey of the property; and **e)** restrictions on redevelopment.
3. The CBS makes no warranties, either expressed or implied, nor assumes any liability whatsoever regarding the social, economic, or environmental aspects of any parcel, to include without limitation: the soil conditions, water drainage, physical access, condition of

improvements, natural or artificial hazards which may or may not exist, or merchantability, suitability or profitability of the parcel or improvements for any use or purpose.

4. **This property will be sold “AS IS-WHERE IS.”** It is the responsibility of the bidder(s) to: investigate and determine existing or pending regulations, restrictions and potential defects, including landslide risks and those created by prior use, which would affect the use of the parcel. The feasibility and costs to remedy defects, such as obtaining permits, variances, engineered septic systems, and replatting, should be determined prior to bidding. All such costs will be borne by the bidder. No adjustments to a bid price or reimbursement to a bidder will be made by the CBS. The bidder is responsible for investigating any pending assessments or tax liability.

The Real Property contains a “Restricted Landslide Area,” which means:

- (1) Any portion of any lot which has been identified as a moderate or high risk zone in any city geotechnical risk mapping commissioned and received by the City.
 - (2) For areas not mapped, properties damaged by previous landslides or within one hundred fifty feet of locations damaged by previous landslides. SGC 20.01.020.
5. Utility easements shown on the maps may not be constructed. The construction and maintenance of roads, drainage systems, and the use of other common areas shall be the responsibility of the purchaser to determine. Purchasers shall be required, if applicable, to comply with, among others, the State of Alaska, Department of Environmental Conservation regulations regarding water and sewer installation, repair or replacement and, if applicable, the regulations of the U.S. Army Corps of Engineers regarding filling, altering or draining any area within the parcel which may be designated as wetlands by the appropriate authority.
 6. **All interested bidders are strongly urged to physically inspect this property before submitting a bid. The CBS assumes no liability for matters which would have been disclosed by an inspection of the property.**
 7. The following documents shall be used to complete the sale transaction: Purchase and Sale Agreement and Quitclaim Deed. Sample copies are available for review upon request.
 8. The CBS hereby discloses the following that may have an effect on the parcel’s interest to be sold.
 - a) Buyer is responsible for research and determination of zoning conformity.
 - i. Including but not limited to Table 22.16.015-1, located in Sitka General Code Title 22 Zoning, Chapter 22.16 District Regulations.
 - b) There may be easements that encumber the property.
 - c) Geotechnical report prepared by Shannon & Wilson Inc. Geotechnical and Environmental Consultants, dated February 2, 2016, entitled “South Kramer Avenue Landslide: Jacobs Circle to Emmons Street, Sitka, Alaska.
 9. Purchaser may obtain title insurance or a more current appraisal at own expense.
 10. The CBS reserves the right to withdraw the offered parcel at any time, for any reason and to reject any or all bids for any reason.
 11. The CBS will not pay a real estate commission.

FORM A
TO BE COMPLETED BY ALL BIDDERS
CITY AND BOROUGH OF SITKA

BID FORM: SALE OF REAL PROPERTY VIA SEALED BID

INSTRUCTIONS: Please print legibly. Read all the information contained in the bid brochure prior to completing this or other forms. This form must be filled out in its entirety.

NAME(S): _____ PHONE: _____

_____ FAX: _____

MAILING ADDRESS: _____

E-MAIL ADDRESS (optional): _____

The amount of my bid to purchase municipal property located at 4600 Sawmill Creek Rd is (write out the amount in words and numbers):

_____ (\$ _____)

BID AMOUNT

If I am high bidder and my bid is tentatively accepted, I hereby agree to execute the Purchase Agreement and any other documents and closing costs required as disclosed in the bid brochure.

Signature _____ Date _____

Signature _____ Date _____

Check off before mailing: Bid Form (A); Bidder Qualification Statement (B); Financial Disclosure Form (C); * Non-Collusion Affidavit (D); 10% Deposit; Envelope Labeled; ** Business License; ** Proof of Authority

* See Page 2 Bidder Qualifications section to determine if Form C or D are required.

** See Bidder Qualifications section to determine if this is required.

FORM A

FORM B

CITY AND BOROUGH OF SITKA

APPLICANT/BIDDER QUALIFICATION STATEMENT

I _____,
(printed name)

I _____,
(printed name)

of _____,
(address)

(city, state)

do hereby swear and affirm

I am eighteen years of age or older; and

I am a citizen of the United States or a permanent resident who has filed a declaration of intention to become a citizen or a representative of a group, association or corporation which is authorized to conduct business under the laws of Alaska; and

I am not delinquent on any deposit or payment of any obligation to the City and Borough of Sitka (CBS); and

I am not currently in breach or default on any contract or lease involving land in which the CBS has an interest; and

I have not failed to perform under a contract or lease involving CBS land in the previous five years and the CBS has not acted to terminate the contract or lease or to initiate legal action.

(signature)

(date)

(signature)

(date)

FOR CBS USE ONLY

QUALIFIED _____
(signature)

(date)

UNQUALIFIED _____*

* THE PERSON(S) LISTED ABOVE IS NOT QUALIFIED TO BID OR APPLY FOR MOA/RED OWNED LAND OR INTEREST IN LANDS BECAUSE _____

FORM B

FORM C

CITY AND BOROUGH OF SITKA

CONFLICT OF INTEREST STATEMENT

Pursuant to Sitka General Code 1.04.080

_____:

- (1) Have read and understand the provisions of SGC 1.04.080
- (2) Disclose the following actual or potential conflict of interest.

(If there is no conflict of interest, please print or type “NONE” below this line.)

Signature

Date

FORM C

City and Borough of Sitka, Alaska

PURCHASE AND SALE AGREEMENT

FOR

**4600 Sawmill Creek Road, legally described as
Lot 23, Block 4, Sawmill Cove Park Resubdivision No. 1, according to the plat
thereof filed November 20, 2008, as Plat No. 2008-27, Sitka Recording District,
First Judicial District, State of Alaska**

THIS AGREEMENT dated _____, 2018, by and between the CITY AND BOROUGH OF SITKA, ALASKA, an Alaska home rule municipality, whose mailing address is 100 Lincoln Street, Sitka, Alaska 99835 (Seller); and, _____, whose mailing address is _____ (Purchaser);

WHEREAS, the Seller owns that certain real property known as 4600 Sawmill Creek Rd in Sitka, Alaska, more particularly described as follows:

Lot 23, Block 4, Sawmill Cove Park Resubdivision No. , according to the plat thereof, filed November 20, 2008, as Plat No. 2008-27 Sitka Recording District, First Judicial District, State of Alaska.

Together with all improvements thereon and appurtenances thereto (Property);

WHEREAS, Seller desires to sell the Property and Purchaser desires to purchase the Property upon the terms and conditions set forth herein;

ACCORDINGLY, FOR VALUABLE CONSIDERATION, RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, THE PARTIES AGREE AS FOLLOWS:

1. Purchase and Sale of Real Property; Purchase Price.

Seller shall sell the Property to Purchaser, and Purchaser shall purchase the Property from Seller, for a purchase price of _____ DOLLARS (\$ _____), payable as follows:

2. Due Diligence.

(a) Purchaser and its employees, consultants, contractors and agents shall have reasonable access to the Property for the purpose of conducting due diligence investigations, and actions necessary or appropriate to complete its due diligence review.

3. Environmental Acknowledgements; Indemnification.

(a) Purchaser acknowledges it has had an opportunity to review Seller's files related to the Property. Seller does not intend to test for hazardous or contaminate substances.

(b) "Environmental Event," "Hazardous Substances" and "Release" are defined for the purposes of this Agreement as follows:

(i) "Environmental Event" is defined as, without limitation, any assertion or claim made against Seller or Purchaser by any government agency or third party, alleging the Release of Hazardous Substances or environmental contamination of any kind on or in connection with the Property or other affected property in the vicinity ("Affected Property"), as well as the personal injury or property loss to persons caused by:

- (a) the presence of Hazardous Substances in, on or under the Property or Affected Property, or the migration thereof to adjacent properties; or
- (b) the exposure to lead-based paint on the Property; or
- (c) the removal, handling, use, disposition, or other activity causing contact of any kind with asbestos on the Property.

(ii) "Hazardous Substance" shall include pollutants or substances defined as "hazardous waste," "hazardous substances," "hazardous materials," "pollutants," "contaminants," or "toxic substances" which are or become regulated under any federal, state or local statute, ordinance, rule, regulation or other law now or hereafter in effect pertaining to environmental protection, contamination or cleanup, including the Comprehensive Environmental Response and Liability Act of 1980 (CERCLA), 42 U.S.C. Section 9601 *et seq.*, as amended by the Superfund Amendments and Reauthorization Act of 1986 (PL 99-499); the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 *et seq.*; the Toxic Substance Control Act, 15 U.S.C. Section 2601 *et seq.*; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Section 6901 *et seq.*; the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 *et seq.*; substances controlled by the laws of the State of Alaska as hazardous substances, petroleum products, waste or materials, including those defined in AS 46.03.826(5) and AS 46.03.900(9); asbestos containing materials; any petroleum products or derivatives; and in the rules and regulations adopted and guidelines promulgated pursuant to such provisions.

(iii) "Release" shall mean releasing, spilling, leaking, pumping, pouring, flooding, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping, whether directly onto the Property or flowing onto the Property from offsite sources.

(c) Purchaser shall defend, protect, hold harmless, and indemnify Seller from and against any and all losses, claims, damages, penalties, fines, investigations, assertions, liens, demands, and causes of action of every kind and character arising from an Environmental Event. Purchaser's obligations to defend and indemnify shall include, without limitation, the obligation to undertake all remediation, and to undertake the defense of any and all costs of removal action, remedial action, other "response costs" as that term is defined under applicable federal state and local law, reasonable attorney's fees, penalties, fines, damages, interest, and administrative/court costs incurred by Seller in response to and defense of such, regardless of the basis of liability alleged by or against any party, including strict liability under AS 46.03.822 or federal law. In the event Seller is required to undertake any actions to remedy any Release of Hazardous Substances, lead-based paint or asbestos on the Property or Affected Property, then Purchaser shall promptly reimburse and indemnify Seller for all costs and expenses incurred in doing so, including without

limitation its legal fees, costs to consultants and contractors, civil penalties, and other costs, together with interest thereon, incurred as a result of the remediation of or response to any action, proceeding or other claim related to the Property or Affected Property.

4. No Warranties.

Purchaser agrees that, except as expressly contained in this Agreement, no representations or warranties by or on behalf of Seller, express or implied, are or have been made to Purchaser as to the condition of the Property or improvements situated thereon, any restrictions related to development or use thereof, the applicability of any government requirements pertaining thereto, including but not limited to environmental requirements, the presence or absence of Hazardous Substances, presence of ground water, the suitability or fitness thereof for any purpose, the Property's compliance with federal, state and municipal laws, or any matter or thing affecting or related to the Property (including improvements), and Purchaser accepts the same **AS IS WITH ALL FAULTS**. Seller has agreed to sell the property on the terms specified herein in reliance upon the foregoing limitations of Seller's liabilities and would not have entered this Agreement without such limitations. Purchaser has been advised to investigate and determine regulations, restrictions and potential defects which would affect the use of the Property. Costs to remedy defects, to obtain site plan approvals, permits and variances and to replat shall be borne by Purchaser. **The Property is sold AS IS, WHERE IS.**

5. Closing.

Closing of this purchase and sale transaction (Closing) shall be at _____ Title Company in Sitka, Alaska no later than _____ 2018. Closing shall be upon terms and conditions set forth in escrow instructions acceptable to the parties and providing, *inter alia*, as follows:

(a) Purchaser shall:

- (i) Pay the purchase price to Seller; and
- (ii) Pay all closing costs, including for appraisal of the Property (if desired by Purchaser). Purchaser shall be responsible for any sales commissions, consulting fees or additional services.

(b) Seller shall:

- (i) Deliver a quit claim deed for the Property to Purchaser, **SUBJECT TO** all assessments, easements, covenants, conditions and restrictions of record.

6. Closing Costs.

Purchaser shall assume any pending or future taxes and assessments. All closing costs, including costs of title insurance (if desired by Purchaser), escrow fees, deed preparation, and recording fees shall be paid by Purchaser. Each party shall pay its own legal fees outside of escrow.

7. Possession.

Seller shall deliver possession of the Property to Purchaser as of the date of Closing.

8. Risk of Loss.

Risk of loss due to fire, earthquake, acts of God, or other calamity shall rest on Seller until Closing. In any such event, either Seller or Purchaser may, at their option, rescind this Agreement by notice to the other party.

9. Termination. In either event, this Agreement shall terminate and, except as provided above, all its terms and conditions become void and unenforceable, and each party waives all claims against the other for any damages or other relief, including specific performance, arising out of or related to this Agreement. Each party shall bear its own costs and attorney's fees.

10. Notices. All notices required under the terms of the Agreement or by law shall be in writing and sent by certified mail, return receipt requested, or facsimile to the appropriate party or parties at the following address or addresses and facsimile numbers, unless changed by the party to be notified in writing:

Seller:

City and Borough of Sitka, Alaska
Municipal Administrator
100 Lincoln Street
Sitka, AK 99835

Purchaser:

With a copy to:

Facsimile No.: _____

Title Company:

_____ main
_____ fax

Notice is complete, if mailed, upon deposit, postage prepaid, in the United States mail.

11. Costs and Attorney's Fees.

If Purchaser or Seller brings any action for any relief against the other, declaratory or otherwise, arising out of this Agreement, the losing party(ies) shall be responsible for the costs of the prevailing party(ies) and reasonable attorney's fees in such action, as determined by the court.

12. No Assignment.

This Agreement may not be assigned by either party without the prior written consent of the other party, which consent shall not be unreasonably withheld.

13. Time of the Essence.

TIME IS OF THE ESSENCE for performance by the parties under this Agreement.

14. Governing Law and Venue.

This Agreement shall be governed under the laws of the State of Alaska. Exclusive jurisdiction and venue for any action pertaining to this Agreement shall be in the State of Alaska Superior Court in the First Judicial District at Sitka, Alaska.

15. Entire Agreement; Modification.

This Agreement, together with any attachments and other documents referenced herein, sets forth the entire agreement and understanding of the parties with respect of the transactions contemplated under this Agreement, and supersedes all prior agreements, arrangements, understandings and negotiations. No modification of this Agreement shall be effective unless in writing and signed by authorized representatives of Seller and Purchaser.

16. Counterparts and Facsimile Signatures.

This Agreement may be executed in counterparts, each of which shall constitute an original, and all of which together shall be deemed a single document. Signatures on this Agreement forwarded by facsimile or electronic mail are intended to be the equivalent of original signatures, with the original executed Agreement thereafter to be provided promptly to the other party.

17. Successors.

All of the covenants, agreements, terms and conditions contained in this Agreement shall apply to and are binding upon Purchaser and Seller, and their respective successors and permitted assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first mentioned above.

CITY AND BOROUGH OF SITKA, ALASKA

Date

By: P. Keith Brady
Its: Municipal Administrator

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2018, by P. Keith Brady, Municipal Administrator of the CITY AND BOROUGH OF SITKA, ALASKA, an Alaska home rule municipality, on behalf of the municipality.

Notary Public in and for the State of Alaska
My commission expires: _____

PURCHASER

Date

By:
Its:

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2018, by _____.

Notary Public in and for the State of Alaska
My commission expires: _____



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-171 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Approve the proposed adjustments to the Gary Paxton Industrial Park Port Tariff Fee Schedule (Port Tariff #3)

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo.pdf](#)
[Master Tariff No. 3 9-4-2018 DRAFT-2.pdf](#)

Date	Ver.	Action By	Action	Result
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POSSIBLE MOTION

I MOVE TO approve, as recommended by the Gary Paxton Industrial Park (GPIP) Board, the proposed adjustments to the GPIP Port Tariff Fee Schedule (Port Tariff #3).



329 Harbor Drive, Suite 212
Sitka, AK 99835
Phone: 907-747-2660

Tuesday, September 04, 2018

MEMORANDUM

To: Keith Brady, CBS Administrator
From: Garry White, Director
Subject: GPIP Port Tariff Fee Schedule Adjustment

Introduction

The Gary Paxton Industrial Park (GPIP) Board of Directors met on June 28th, 2018 and approved the following motion to adjust the GPIP Port Tariff Fee Schedule:

MOTION: M/S: Jones/Finkenbinder Moved to recommend the City and Borough of Sitka Assembly approve to adjust the GPIP Port Tariff Fee Schedule as presented by the GPIP Director.

The GPIP Director's proposed adjustments to the GPIP Port Tariff Fee Schedule are listed below.

GPIP Port Tariff

A Port Tariff is a document that contains published charges, rules, and requirements of the port. The Port Tariff is an implied contract that allows for rapid arrangements without the need for complicated agreements for use of the facility.

The GPIP Port is a "landlord" Port, which means that the GPIP will charge users for real estate and dock use and are responsible for maintenance, management and upkeep. The GPIP Port Tariff covers all properties of the GPIP uplands and tidelands.

The GPIP Port Tariff covers general rules and regulations for use of the port. Additionally, the tariff covers the schedule of charges for use of the port, including docking, wharfage, etc...

Background

The GPIP Board recommended and the City and Borough of Sitka Assembly approved the first GPIP Port Tariff #1 in February 2018. The GPIP Port Tariff #1 was drafted, with input by the GPIP Director and GPIP Board, by Parrish, Blessing, & Associates Inc. (PBA), a regulatory and economics consulting firm from Anchorage. PBA has experience in port tariff development having worked with the Port of Alaska (formerly port of Anchorage) on its port tariff development and financial management.

The GPIIP Board discussed the need to monitor the fee schedule and to adjust if need be over time when the tariff was established. The tariff (Port Tariff #2) was adjusted in July 2018 to accommodate incidental use of the facility and to lower wharfage rates to promote more use of the facility.

Based off conversations with users of the facility, the Director is proposing some adjustments to the fee schedule.

Proposed Adjustments to the GPIIP Port Tariff Fee Schedule (Port Tariff #3)

Below are the proposed changes:

Wharfage

1. Section 2 Definitions and Schedule of Charges – Item 254 Seine Skiffs

Propose to change the Wharfage rate for Seine Skiffs to include Bait Sheds and Nets on Pallets

<u>Commodity</u>	<u>Wharfage Rate (in Dollars)</u>
Item 254 Seine Skiffs/Bait Sheds/Nets on Pallets	\$35/Skiff

Rationale: There is an identified request to move all three items over the dock. Current tariff does not classify items, which would require items to be classified as N.O.S. freight and be charged by weight. A flat fee is a more efficient fee structure.

Terminal Storage

2. Section 2 Definitions and Schedule of Charges – Terminal Storage

A section (page 45) has been added to the tariff to allow for storage of fishing equipment and miscellaneous gear on GPIIP raw property. The GPIIP Board has identified lots 9c and 15 as appropriate locations for storage.

The proposed rates structure is the following:

1. Fishing Nets on 8'x12' pallets:
 - \$1,000/year
 - \$125/month for raw property (2 month minimum, paid up front)
 - \$250/month for storage on dock.
2. Bait Sheds and Misc. gear stored in 20' x 20' area (minimum size)
 - \$0.60/SF/month or \$240/month (2 month minimum, paid up front)

Rationale: A local business has stated that they will be moving out of the storage business of fish gear which has generated the interest at the GPIIP property, in addition to the new GPIIP Dock.

The GPIIP Director has contacted the local business and is recommending the rate structure used by the business this past winter.

Action

- Assembly approval of the proposed adjustments to the GPIIP Port Tariff Fee Schedule (Port Tariff #3).



Effective

GARY PAXTON INDUSTRIAL PARK PORT TARIFF

OPERATED BY THE CITY AND BOROUGH OF SITKA, ALASKA

CBS TARIFF NO. 3

NAMING RATES, CHARGES, RULES AND REGULATIONS

~For~

Wharfage Dockage and Storage

At

The Port of Sitka, Alaska

ISSUED BY:

PORT OF SITKA
SITKA, ALASKA

Published as

Gary Paxton Industrial Park Port Terminal Tariff CBS NO. 3
By: Parrish Blessing and Associates, Inc.
1415 P Street
Anchorage, Alaska 99501

Keith Brady, Municipal Administrator
100 Lincoln Street
Sitka, Alaska 99835
Phone: (907)747-1808
Keith.brady@cityofsitka.com

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EXPLANATION OF ABBREVIATIONS AND SYMBOLS		
<p style="text-align: center;">SYMBOLS APPEARING IN TARIFF</p> <p>The following symbols will be used for the purpose indicated only, and will not be used for any other purpose in this tariff.</p> <p>(A) New or Added Matter (+) Increase (-) Reduction (C) Change, neither increase nor reduction (R) Indicates that item or rule has been revised (**) Cancelled or eliminated</p>		
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska		

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SECTION 1 GENERAL RULES AND REGULATIONS		
ITEM 100 <u>NOTICE TO PUBLIC</u> <p>The Port of Sitka is a Non-Operating Port and is owned by the City and Borough of Sitka. This tariff is published on the City and Borough of Sitka website and is, therefore, notice to the public, shippers, consignees and carriers, that the rates, rules and charges apply to all traffic without specific notice, quotation or arrangement. (R)</p>		
ITEM 100 <u>APPLICATION OF TARIFF</u> <p>(a) GENERAL APPLICATION OF TARIFF:</p> <p>Rates, charges, rules and regulations provided in this tariff will apply only to merchandise received at or shipped from the facilities or properties operated under the jurisdiction and control of the Port of Sitka, and specifically to City and Borough Terminals, appurtenant structures thereto and waterways under the management of the Port Director, City and Borough of Sitka. Vessel charges and assessments provided in this tariff are applicable to all vessels, self-propelled or other than self-propelled, when such vessels are provided with dockage services or other vessel services named in this tariff.</p> <p>(b) TARIFF EFFECTIVE:</p> <p>The rates, charges, rules and regulations named in this tariff, additions, revisions, or supplements thereto shall apply on all freight received at facilities subject to this tariff on and after revisions, or supplements, thereto. Unless otherwise specified, all transit freight received at terminals and undelivered prior to effective dates of tariff, revisions, or supplements thereto, shall be charged the rates in effect on the date such freight was received until entire lot or shipment has been withdrawn.</p> <p>Except as otherwise provided in this section, the rates, rules and regulations published in other sections of this tariff apply to vessels, shippers, (and) consignees of Bulk Petroleum Products.</p> <p>(Continued on next page)</p>		
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska Revision approved by CBS Assembly 9/11/2018		

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<p style="text-align: center;"><u>APPLICATION OF TARIFF (Continued)</u></p> <p>(c) ACCEPTANCE OF TARIFF:</p> <p>Use of wharves and facilities shall be deemed an acceptance of this tariff and the terms and conditions named therein.</p> <p>(d) RESERVATIONS OF AGREEMENT RIGHTS</p> <p>Right is reserved by the Port of Sitka to enter into agreement with carriers, shippers, consignees and/or their agents concerning rates and services, providing such agreements are consistent with existing local, state and national law governing the civil and business relations of all parties concerned.</p>		
<p style="text-align: center;">ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p>		

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ITEM 105 <u>APPLICATION OF RATES</u>		
<p>(a) Except as otherwise provided, rates apply per 2,000 lbs., or per 40 Cu.Ft. as rated by ocean carrier, or per M.B.M., or 42 gal. per bbl. of bulk petroleum products corrected to 60° Fahrenheit, or 376 lbs. per bbl. of bulk cement.</p> <p>(b) RATES ARE SPECIFIC:</p> <p>Rates provided for commodities herein are specific and may not be applied by analogy. If rates are not provided for specific commodities, rates to be applied are those established for "Freight N.O.S."</p> <p>(c) PREFERENTIAL USER AGREEMENTS (PUA)</p> <p>The Port of Sitka reserves the right to negotiate preferential user rates and terms (i.e. a reduced charge for dockage, wharfage, and real estate) with requesting users who agree to provide profitable long-term business arrangements with the Port, at rates, terms and conditions consistent with policies set by the Port and City and Borough of Sitka.</p> <p>NOTE: There is no requirement for PUAs to be standardized, beyond those requirements mandated in Municipal Code to be so. Rather, terms and conditions will be tailored to each individual applicant.</p>		
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ITEM 110 <u>INSURANCE</u> (a) Rates named in this tariff do not include insurance of any kind.		
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ITEM 115 <u>METHOD OF PAYMENT AND PENALTIES</u>		
<p>(a) RESPONSIBILITY FOR CHARGES, PAYMENT TERMS:</p> <p>All charges for services rendered by the Port of Sitka or for the use of terminal facilities shall be billed in arrears and payable 30 days from invoice date arrears of such services or use, as follows:</p> <ol style="list-style-type: none"> 1. For all charges to the vessel, from its owners or agents before a vessel commences it's loading or discharging. 2. For all charges to the cargo, from a vessel owner, charterer, shipper or consignee before the cargo leaves the custody of the terminal. 3. For all charges on perishable goods or freight of doubtful value, or household goods. <p>(b) COMPLIANCE WITH CONDITIONS OF BERTH RESERVATION:</p> <p>Use of Port facilities and services shall comply with the Conditions of Berthing set forth in the Supplement to the Vessel Berthing Application as published by the Port.</p> <p>(c) PENALTY CHARGES ON DELINQUENT ACCOUNTS:</p> <p>All invoices will be declared delinquent thirty days after the date of the invoice and, as such, will be charged a penalty charge of \$25.00 per month for each additional thirty day period in which the invoice is past due or not fully paid, up to a maximum penalty of \$250.00. All extra expense, including legal expense, litigation cost, or costs of agents employed to affect collection shall also be assessed to, and payable to, such accounts.</p>		
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ITEM 120 <u>LIABILITY FOR LOSS OR DAMAGE</u>		
<p>(a) RESPONSIBILITY LIMITED:</p> <p>No persons other than employees or agents of the holder of an authorized Terminal Operator Permit shall be permitted to perform any services on the wharves or premises of the Port of Sitka, operated under the authority of the Port Commission of the Port of Sitka, except upon written authorization of the Port Director or their designee.</p> <p>The Port of Sitka will not be responsible for any loss, damage, injury or death, including but not limited to, loss, damage, injury or death caused by earthquakes, tidal waves, fire, frost, heating, dampness, leakage, the elements, evaporation, natural shrinkage, wastage or decay, animals, rats, mice, or other rodents, moths, weevils, or other insects, leakage or discharge from sprinkler fire systems, collapse of building or equipment, or by floats, logs or pilings required in breasting vessels way from wharf, nor will it be liable for any loss, damage, injury or death or delay arising from insufficient notification or from war, insurrection, shortage of labor, combinations, riots or strikes of any person in its employ or in service of others or from any consequences arising herefrom, except, the Port of Sitka shall not be relived from liability for its own negligence.</p> <p>(b) HOLD HARMLESS AND INDEMNITY:</p> <p>Except for that portion resulting from the negligence of the Port of Sitka, if any, owners, shippers, consignees, and carriers shall indemnify, defend, save and hold the City and Borough of Sitka, Port of Sitka harmless from and against all charges, losses, damages, liabilities, expenses, causes of action, suits, claims, demands, or judgments of any nature whatsoever that may be incurred or rise from or grow out of use of Port of Sitka facilities.</p>		
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ITEM 125 <u>RIGHTS OF TERMINAL</u>		
<p>(a) RIGHTS RESERVED:</p> <p>Right is reserved by the Port of Sitka to furnish all equipment, supplies and materials and to perform all services in connection with the operation of terminals under rates and conditions named herein.</p> <p>(b) RIGHT TO REFUSE FREIGHT:</p> <p>Right is reserved by the Port of Sitka, without responsibility for demurrage, loss or damage attaching, to refuse to accept, receive, or unload, or to permit any vessel to discharge at Terminals or appurtenant premises:</p> <ol style="list-style-type: none"> 1. Freight for which previous arrangements for space, receiving, unloading or handling have not been made by shipper, consignee or carrier. 2. Freight deemed extra offensive, perishable or hazardous. 3. Freight, the value of which may be determined as less than the probable terminal charges. 4. Freight, not packed in packages or containers suitable for standing the ordinary handling incident to its transportation. Such freight, however, may be repacked or reconditioned at the discretion of the Port of Sitka and all expense, loss or damage incident thereto shall be for the account of the shipper, consignee, owner, or carrier. <p>(c) RIGHT TO REMOVE, TRANSFER OR WAREHOUSE FREIGHT:</p> <p>Hazardous or offensive freight which by its nature is liable to damage other freight, may be immediately removed to other locations or receptacles with all expense and risk for loss or damage for the account of the owner, shipper, agent or consignee.</p> <p>(Continued on next page)</p>		
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<p style="text-align: center;"><u>RIGHTS OF TERMINAL (Continued)</u></p> <p>Freight remaining after the sailing of a vessel may be piled or re-piled to make space, transferred to other locations or receptacles or removed to public or private warehouse with all expense and risk of loss or damage for account of the owner, shipper, consignee, agent, or carrier as responsibility may appear.</p> <p>This provision is subject to Item 120 (b)</p> <p>(d) RIGHT TO WITHHOLD DELIVER OF FREIGHT:</p> <p>Right is reserved by the Port of Sitka to withhold delivery of freight until all accrued terminal charges and/or advances against said freight have been paid in full. At the Port Director's discretion, any or all of such freight may be placed in public or private warehouse with all cost of removal and subsequent handling and storage for the account of the owner of the freight.</p> <p>(e) RIGHT TO SELL FOR UNPAID CHARGES:</p> <p>Freight on which unpaid terminal charges have accrued may be sold to satisfy such charges and costs, provided such sale has been publicly advertised. Freight of a perishable nature or of a nature liable to damage other freight may be sold at public or private sale without advertising, providing owner has been given proper notice to pay charges and to remove said freight and has neglected or failed to do so within a prescribed reasonable time.</p> <p>(f) EXPLOSIVES:</p> <p>The acceptance, handling or storage of explosives or excessively flammable material shall be subject to special arrangements with the Port Director and governed by rules and regulations of Federal, State and local authorities.</p> <p>(g) OWNERS RISK:</p> <p>All water craft if and when permitted by the Port Director or his authorized agent to be moored at wharves or alongside of vessels, are at owner's risk for loss or damage.</p> <p>This provision is subject to Item 120(b).</p>		
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ITEM 130 <u>SHIPPERS' REQUESTS AND COMPLAINTS</u>		
<p>Shipper requests and complaints may be made by any shipper by filing a written statement with the Port Director, Port of Sitka, 329 Harbor Drive, Suite 212, Sitka, Alaska 99835</p>		
ITEM 131 <u>DEMURRAGE OR DELAYS</u>		
<p>In furnishing the service of vessel berth scheduling, no responsibility for any demurrage or delays whatsoever, on freight, will be assumed by the Port of Sitka.</p> <p>This provision is subject to Item 120(b).</p>		
ITEM 135 <u>DELAYS - NO WAIVER OF CHARGES</u>		
<p>Delays which may be occasioned in loading, unloading, receiving or delivering freight as a result of equipment failure or breakdown or of combinations, riots or strikes of any persons or arising from any other cause not reasonably within the control of the Port of Sitka, will not excuse the owners, shippers, consignees or carriers of the freight from full wharf demurrage or other terminal charges or expenses which may be incurred under conditions stated herein.</p> <p>This provision is subject to Item 12(b).</p>		
ITEM 140 <u>MANIFESTS REQUIRED OF VESSELS</u>		
<p>Masters, owners, terminal operators, agents or operators of freight vessels are required to furnish the Port of Sitka with complete copies of vessels' manifests showing names of consignees or consignors and the weights or measurements of all freight loaded or discharged at the facilities of the Port of Sitka. Such manifests must be certified as correct by an authorized official of the company and must also designate the basis weight or measurement on which ocean freight was assessed. In lieu of manifests, freight bills containing all information as required above may be accepted.</p>		
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<p align="center"><u>ENVIRONMENTAL PARAMETERS (Continued)</u></p> <p align="center"><u>DEPTH OF WATER</u></p> <p>50' at the face of the dock. 30'-50' at the stern of the barge (left side facing out) Not sure how to designate the area. 20' at the interior small boat float.</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p><u>NOAA TIDE BENCHMARKS AT SITKA, ALASKA:</u></p> <p>ELEVATION DATUM FOR THE PROJECT IS 0.0 FT MEAN LOWER LOW WATER (MLLW)</p> <table> <tr> <td>• HIGHEST TIDE OBSERVED</td> <td>14.8 FT</td> </tr> <tr> <td>• MEAN HIGHER HIGH WATER</td> <td>9.9 FT</td> </tr> <tr> <td>• MEAN HIGH WATER</td> <td>9.2 FT</td> </tr> <tr> <td>• MEAN TIDE LEVEL</td> <td>5.3 FT</td> </tr> <tr> <td>• MEAN LOW WATER</td> <td>1.5 FT</td> </tr> <tr> <td>• MEAN LOWER LOW WATER</td> <td>0.0 FT</td> </tr> <tr> <td>• LOWEST TIDE OBSERVED</td> <td>-4.1</td> </tr> </table> </div> <p align="center">(Continued on next page)</p>			• HIGHEST TIDE OBSERVED	14.8 FT	• MEAN HIGHER HIGH WATER	9.9 FT	• MEAN HIGH WATER	9.2 FT	• MEAN TIDE LEVEL	5.3 FT	• MEAN LOW WATER	1.5 FT	• MEAN LOWER LOW WATER	0.0 FT	• LOWEST TIDE OBSERVED	-4.1
• HIGHEST TIDE OBSERVED	14.8 FT															
• MEAN HIGHER HIGH WATER	9.9 FT															
• MEAN HIGH WATER	9.2 FT															
• MEAN TIDE LEVEL	5.3 FT															
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• LOWEST TIDE OBSERVED	-4.1															
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<p style="text-align: center;"><u>ENVIRONMENTAL PARAMETERS (Continued)</u></p> <p style="text-align: center;"><u>WINTER USE OF THE PORT</u></p> <p>The Port is open year round. However, extreme temperatures provide a number of challenges during the winter months. Machinery including fuel systems, cooling systems, winches, anchors, ballast water systems, and other auxiliary systems must be winterized and maintained in a state for use in the extreme environment. Tug assistance aids in mitigating these conditions.</p> <p style="text-align: center;">(Continued on next page)</p>		
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<u>ENVIRONMENTAL PARAMETERS (Continued)</u>		
<u>SAFETY CABINETS AND BOLLARD SPECIFICATIONS</u>		
DESIGN LOADS:		
* ASCE 7-05 MIN DESIGN LOADS		
* ASCE 61-14 SSMIC DESIGN OF PIERS AND WHARVES		
* UFC 4-159-03 DESGIN: MOORINGS		
DEAD LOAD WEIGHT OF ALL CONSTRUCTION MATERIALS		
LIVE LOAD	FLOATING DOCK	400 PSF
	TRANSFER BRIDGE	125 PSF
	SMALL CRAFT FLOAT	50 PSF
	SMALL CRAFT GANGWAY	50 PSF
SNOW LOAD		50 PSF
WIND LOAD ON STRUCTURES		
	WIND SPEED, V	120 MPH 3-SEC GUST
	EXPOSURE CATEGORY	D
	IMPORTANCE FACTOR, LW	1
	TOPOGRAPHIC FACTOR, Kzt	1
	DIRECTION FACTOR	0.85
	GUST FACTOR, G	0.85
SEISMIC	ASCE 61-14 PERFORMANCE REQUIREMENTS = LOW	
	DISGIN EARTHQUAKE PER ASCE 7.05	
	LIFE SAFETY PROTECTION	
	SS = 0.834 g.S1=0.46g. Fa = 1.1, Fv= 2.4	
	SDS=0.611 g.SDI=0.742G	
	SEISMIC DESIGN CATEGORY	D
	SITE CLASS	E
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ITEM 160 <u>SAFETY, SANITATION AND HOUSEKEEPING</u>		
<p>(a) SAFETY AND SANITATION:</p> <p>Users/Operators of Port of Sitka facilities will be required to comply with all safety and sanitation rules applicable on structures and facilities of the Port of Sitka as required by federal, state and local law.</p>		
<p>(b) RESPONSIBILITY FOR HOUSEKEEPING:</p> <p>Users/Operators of Port of Sitka property will be required to maintain same in an orderly manner as directed by the Port Director. If User/Operator does not properly clean property used, the Port Director shall order the work performed and User/Operator will be billed at cost, including 15% overhead.</p>		
<p>(c) SMOKING PROHIBITED:</p> <p>No smoking shall be allowed on any wharf, pier or in any warehouse or transit shed except in approved areas specifically designated for that purpose. Persons violating this rule may be barred, at the discretion of the Port Director, from the further use of any wharf and, in addition, shall be subject to prosecution under applicable Federal, State and Municipal Laws.</p>		
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ITEM 165 <u>RESPONSIBILITY FOR PROPERTY DAMAGE</u>		
<p>Damaged Port property and facilities should be reported immediately to the Port Director. The initial reporting of damages should be communicated by the most expeditious means, followed in writing. Owners/operators damaging Port of Sitka property will be responsible for repairs. Should the repairs be undertaken by the Port of Sitka the owners/operators will be billed for repairs to damaged property at cost, including 15% overhead.</p>		
ITEM 166 <u>FACILITY USE AGREEMENT</u>		
<p>Private owners and business vendors/contractors desiring to use the GPIP facility to work on vessels owned by a third-party shall complete a facility use agreement with the port and pay appropriate fee before they begin work on vessel(s). The facility use agreement has specific provisions that address basic yard rules and regulations, boatyard user required best management practices, an agreement section addressing indemnify/hold harmless requirements and insurance requirements. The facility use agreement is available for review during normal business hours.</p>		
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ITEM 170 <u>BULK PETROLEUM PRODUCTS</u>		
<p>(a) APPLICATION OF TARIFF:</p> <p>Except as otherwise provided in this section, the rates, rules and regulations published in other sections of this tariff apply to vessels, shippers, and consignees of Bulk Petroleum Products.</p> <p>(b) CLEARING PETROLEUM LINES:</p> <p>Shippers, consignees or vessels and persons in charge thereof are responsible for providing means to assure the proper flow of products. Shippers, consignees or vessels and persons in charge thereof will be responsible for clearing all petroleum products, other liquid products, compounds, and residues from lines located on or adjacent to the Petroleum Terminal after vessel completes loading or discharging unless otherwise authorized by the Port Director. In the event the Port of Sitka performs any of the above named services, any applicable costs will be billed to shipper, consignee or vessel at cost plus 15% overhead.</p> <p>(c) REGULATIONS GOVERNING PETROLEUM PRODUCTS:</p> <p>The transfer of bulk petroleum products shall be governed by applicable federal, state and local laws, regulations, permits and ordinances/regulations including Port of Sitka Bulk Petroleum Transfer Procedures Manual rules.</p> <p>(d) HOUSEKEEPING:</p> <p>Flammable liquids leaked or spilled on wharves shall be cleaned up immediately. Vessel operators or their agents shall remove temporary lines immediately upon completion of receipt or discharge of flammable liquids. Spillage from disconnected lines shall be the responsibility of the petroleum terminal operator, vessel owner/operator and/or their agents. All spills should be reported to the Port Director and regulatory authorities immediately.</p> <p>(e) DEPARTURE AFTER LOADING OR DISCHARGING:</p> <p>Any vessel after having discharged or loaded any petroleum product must immediately haul away from dock, pier or wharf and depart, unless otherwise authorized by the Port Director.</p>		
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ITEM 175 <u>DEFINITIONS – GENERAL</u>		
<p>(a) "AFFREIGHTMENT": A contract of affreightment is one with a shipowner to hire his ship or part of it for the carriage of goods. Such a contract generally takes the form of a charter party or bill of lading.</p> <p>(b) "BEAM" means the greatest overall width of a vessel.</p> <p>(c) "BILL OF LADING" means a document by which the master of a ship acknowledges having received in good order and condition (or the reverse) certain specified goods consigned to him by some particular shipper, and binds himself to deliver them in similar condition - unless the perils of the sea, fire, or enemies prevent him - the consignees of the shipper at the point of destination on their paying him the stipulated freight.</p> <p>(d) "BULK CARGO" means cargo that is loaded and carried in bulk without mark or count in a loose unpackaged form, having homogeneous characteristics. Bulk cargo loaded into intermodal equipment, except LASH or Seabee barges, is subject to mark and count and is, therefore, subject to the requirements of this part.</p> <p>(e) BUSINESS ENTITY" means a person, firm, association, organization, partnership, business trust, corporation, company, or any other business entity.</p> <p>(f) "CARLOADING OR UNLOADING" is the service performed to load cargo from wharf premises or other such terminal premises designated by the Port Director or his authorized representative to be used for such purposes, to or from railroad cars or trucks, trailers, semi-trailers from or to wharf premises or other terminal premises.</p> <p>(g) "COMMISSION" means the Federal Maritime Commission.</p> <p>(h) "CONSIGNEE" means the recipient of cargo from a shipper, individuals or business entities to whom a transported commodity is to be delivered.</p> <p style="text-align: center;">(Continued on next page)</p>		
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<p style="text-align: center;"><u>DEFINITIONS – GENERAL (Continued)</u></p> <p>(i) freight-carrying unit designed to be transported by different modes of transportation and having construction, fittings, and fastenings able to withstand, without permanent distortion or additional exterior packaging or containment, the normal stresses that apply on continuous all-water and intermodal transportation. The term includes dry cargo, ventilated, insulated, refrigerated, flat rack, vehicle rack, liquid tank, and open-top containers without chassis, but does not include crates, boxes or pallets.</p> <p>(j) "DELINQUENT LIST" means the record of vessels, their owners or agents, or other users of the Port of Sitka who have failed to pay charges within sixty (60) days after date of invoice or who have not furnished proper cargo statements to the Port Director.</p> <p>(k) "DERELICT" means any watercraft moored or otherwise located within the Port which is forsaken, abandoned, deserted or whose owner fails to contact the Port Director within seven (7) days after written notice declaring the watercraft to be abandoned is attached to said watercraft.</p> <p>(l) "DIRECT LOADING OR UNLOADING" is the service accorded to cargo in transferring cargo by ship's tackle between ship and open top railroad cars, vehicles, pipeline, or water, raft, barge, lighter, or other waterborne vessels; or open top trucks, trailer beds or bodies, which are spotted within reach of ship's tackle or terminal's tackle.</p> <p>(m) "DOCKAGE" is the charge assessed to a vessel for docking at a wharf, dock, pier or other facility, or for mooring to a vessel so docked.</p> <p>(n) "DUNNAGE" means loose wood or other material used in a ship's hold for the protection of cargo and specified items approved by the Sitka Port Commission in Item 202.</p> <p>(o) "FLOATING DOCKS/FLOATS" means docks/floats equipped with or without gangways that are secured to the appurtenant to it for the use of small vessels.</p> <p>(p) "FOREIGN COMMERCE" means that commerce under the jurisdiction of the Foreign Commerce Act.</p> <p style="text-align: center;">(Continued on next page)</p>		
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<p style="text-align: center;"><u>DEFINITIONS – GENERAL (Continued)</u></p> <p>(q) "FOREST PRODUCTS" means forest products including, but not limited to, lumber in bundles, rough timber, ties, poles, piling, laminated beams, bundled siding, bundled plywood, bundled core stock or veneers, bundled particle or fiber boards, bundled hardwood, wood pulp in unitized bales, paper and paper board in rolls or in pallet or skid-sized sheets, liquid or granular by-products derived from pulping and papermaking, and engineered wood products.</p> <p>(r) "GANGWAY" means a narrow, portable platform used as a passage by persons entering or leaving a vessel moored alongside a quay or pier.</p> <p>(s) "HANDLING" is the service accorded to cargo movement from end of ship's tackle or terminal's tackle to the first place of rest on the wharf or other terminal premises designated by the Port Director or his authorized representative to be used as the first place of rest, or from such first place of rest on the wharf or other such terminal premises to a place within reach of ship's tackle or terminal's tackle.</p> <p>(t) "HOLIDAYS": Whenever in this tariff reference is made to holidays the following days are included: New Year's Day, Martin Luther King Day, President's Day, Seward's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day After Thanksgiving, Christmas Day, and every other day appointed by the President of the United States of America and/or the Governor of Alaska. In the event that one of the above mentioned holidays occurs on Saturday, the previous Friday will be considered a holiday for the purpose of this tariff. In the event that one of the above mentioned holidays occurs on Sunday, the following Monday will be considered a holiday for the purpose of this tariff.</p> <p>(u) "INDUSTRIAL PARK" means those parcels of real property adjacent to the Municipal Terminal which organizations with business interests at the Port may lease/rent from the Municipality.</p> <p>(v) "LADDER" means a metal, wooden or rope stairway.</p> <p>(w) "LOA" means the overall length of a watercraft measured from the most forward point at the Beam to the aftermost part of the stern of the watercraft, to include the motor.</p> <p style="text-align: center;">(Continued on next page)</p>		
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<p style="text-align: center;"><u>DEFINITIONS – GENERAL (Continued)</u></p> <p>(x) "MANIFEST" means a detailed statement of a vessel's cargo, giving the bills of lading numbers, marks, number of packages, names of shipper, names of consignee, weight or total measurement of goods, rate of freight and where payable. Such a statement is sent by the owners or brokers at port of shipment to their agents at destination port.</p> <p>(y) "MOORING" means to secure a ship or vessel or any floating object in a particular place by weight, chain, rope, float, structure, or any appliance used for anchoring purposes by a watercraft which is not carried aboard a watercraft as part of it.</p> <p>(z) "MOTOR VEHICLE" means a wheeled vehicle whose primary purpose is ordinarily the non- commercial transportation of passengers, including an automobile, pickup truck, minivan, or sport utility vehicle.</p> <p>(aa) "CITY AND BOROUGH DOCK" means the concrete operating wharves and their associated facilities, such as cranes, transit shed and access trestles permanently affixed thereto.</p> <p>(bb) "CITY AND BOROUGH TERMINALS" means the Municipal Docks and all waterfront property as shown on page ___ of this tariff, Transit Areas and their associated facilities, such as access roads, and the adjacent storage areas necessary to conduct normal day-to-day dock or cargo handling operations.</p> <p>(cc) "NON•OPERATING PORT" means a landlord port with all port facilities generally leased, rented or preferentially assigned with the lessee, rental permittee or assignee responsible for operating the facilities.</p> <p>(dd) "OPERATING PORTS" generally provide all port services except stevedoring with their own employees including, but not limited to, loading and unloading of rail cars and trucks and the operation of container terminals, grain elevators, and other bulk terminal operations.</p> <p>(ee) "LIMITED•OPERATING PORTS" lease facilities to others, but continue to operate one or more facilities with port employees. These operated facilities may be specialized terminals, such as grain elevators, bulk terminals, container terminals, etc.</p> <p style="text-align: center;">(Continued on next page)</p>		
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<p style="text-align: center;"><u>DEFINITIONS – GENERAL (Continued)</u></p> <p>(ff) "OVERSTOWAGE" means faulty loading, as when cargo for the second port of discharge is stowed above cargo for the first port and therefore the latter cannot be discharged at its destination.</p> <p>(gg) "POINT OF REST": Point of Rest is defined as that area on the terminal facility which is assigned for the receipt of inbound cargo from the vessel and from which inbound cargo may be delivered to the consignee and that area which is assigned for the receipt of outbound cargo from shippers for vessel loading.</p> <p>Note: Issued pursuant to F.M.C., Docket 875, General Order 15.</p> <p>(hh) "PORT" means a place at which a common carrier originates or terminates (by transshipment or otherwise) its actual ocean carriage of cargo or passengers as to any particular transportation movement.</p> <p>(ii) "PORT DIRECTOR" means the Director of the Port of Sitka or the Port Director's designee.</p> <p>(jj) "PORT FACILITIES" means all docks, floats, berths, wharves, and other landing, launching, mooring, cargo or other facilities located within the Port of Sitka.</p> <p>(kk) "PORT OF SITKA" means the Port of Sitka Subdivision as defined by plat number ____, sheets, exclusive of those areas which are within the exclusive jurisdiction of either the state or the United States.</p> <p style="text-align: center;">(Continued on next page)</p>		
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<p style="text-align: center;"><u>DEFINITIONS – GENERAL (Continued)</u></p> <p>(ll) "TERMINAL OPERATOR" means a person or company engaged in the United States or a commonwealth, territory, or possession thereof, in the business of furnishing wharfage, dock, warehouse or other terminal facilities or services in connection with a common carrier, or in connection with a common carrier and a water carrier subject to Subchapter II of Chapter 135 of Title 49, United States Code. A marine terminal operator includes, but is not limited to, terminals owned or operated by states and their political subdivisions; railroads who perform port terminal services not covered by their line haul rates; common carriers who perform port terminal services; and agents thereof who operate port terminal facilities.</p> <p>(mm) "TERMINAL OPERATOR PERMIT" is a permit issued by the City and Borough of Sitka for an agency/entity to perform one or more of the following marine related services or operations at the Port of Sitka: petroleum transfer operations; general cargo operations; dry bulk cargo operations; outloading of cargo from first place of rest within Port transit areas; vessel servicing; fish handling operations; and, passenger operations.</p> <p>(nn)"TRANSSHIPMENT" means the transfer of goods from the vessel stipulated in the contract of affreightment to another vessel before the place of destination has been reached.</p> <p>(oo) "VESSEL" means ships or crafts of all types, including but not limited to the following: motor ships, steam ships, canal boats, tugs, barges, sailing vessels, motor boats, and every structure adapted to be navigated from place to place for the transportation of property and persons by any means.</p> <p>(pp)"VESSEL OWNER" means the actual or registered owner, charterer, master, agent, person in navigational control or person responsible for the operation of the vessel.</p> <p>(qq)"WATERCRAFT" means any vessel, including but not limited to houseboats, floatplanes, waterborne aircraft, floats, scows, rafts, pile drivers, or any other floating structure adopted to be navigated from place to place, used for recreational, commercial, or other purpose upon the waterways within the Port or moored at any place within the Port.</p> <p style="text-align: center;">(Continued on next page)</p>		
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(rr) "WHARFAGE" is the charge assessed against any freight, cargo, goods placed in a transit shed or on a wharf, or passing through, over or under a wharf or Municipal terminal; or transferred between vessels, or loaded to or unloaded from a vessel at a wharf, regardless of whether or not a wharf is used. Wharfage is solely the charge for use of wharf and does not include handling, sorting, piling of freight or charges for any other services.		
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ITEM 200 <u>DOCKAGE</u>		
<p>(a) DOCKAGE:</p> <p>Dockage is the charge assessed to a vessel for docking at a wharf, dock, pier or other facility, or for mooring to a vessel so docked.</p> <p>(b) DOCKAGE PERIOD - HOW CALCULATED:</p> <p>Dockage shall commence when a vessel's first line is made fast to a wharf, pier or other facility, or when a vessel is moored to another vessel so berthed and shall continue until such vessel is completely freed from and has vacated the berth. No deductions will be made for Sundays or holidays.</p> <p>(c) BASIS FOR COMPUTING CHARGES:</p> <p>Dockage charges will be assessed on the length-over-all of the vessel. Length-over-all shall be construed to mean the linear distance, expressed in feet, from the most forward point of the stem of the vessel to the aftermost part of the stern of the vessel, measured parallel to the baseline of the vessel.</p> <p>For dockage billing purposes, length-over-all of the vessel as published in "Lloyd's Register of Shipping" will be used. If no such figure appears in "Lloyd's Register", the Port reserves the right to: (1) obtain the length-over-all from the vessel's register, or (2) measure the vessel.</p> <p>(d) VESSEL DOCKED TO REPAIR, SHORE, OUTFIT OR FUMIGATE:</p> <p>Full dockage will be charged if and when a vessel is permitted to make repairs or alterations, shore for special freight, outfit, store or fumigate while docked at wharf.</p> <p>(Continued on next page)</p>		
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<p style="text-align: center;"><u>DOCKAGE (Continued)</u></p> <p>(e) VESSELS REQUIRED TO OBTAIN ASSIGNMENTS/BERTHING RESERVATION:</p> <p>No vessel will be permitted to berth at a wharf or terminal facility of the without having first made written application for a berth assignment and without such an assignment having been granted. Berthing Applications are available from the Port of Sitka offices.</p> <p>Application of berth assignments must be made as far in advance of the arrival of vessel as possible and must specify arrival and departure dates and the nature and quantity of the freight to be loaded or discharged.</p> <p>(f) BERTHING POLICY/BERTHING RESERVATION:</p> <p>A Terminal Operator Permittee may secure reserved dock space under the following conditions:</p> <ol style="list-style-type: none"> (1) Provide the Port with a fully completed Berthing Application indicating berth and desired, scheduled dockside activities/services needed and timeframes/ date(s) requested. (2) Berthing Application and prepaid dockage must be received by the Port a minimum of 4 business days prior to anticipated vessel arrival. Applications will be processed on a first-come first-served basis. (3) Port will determine availability of berth, services, etc., and dates requested. Should berthing schedule conflicts be found between berthing applicants, the Port shall mediate a resolution which will attempt to minimize negative impacts on both (or all) parties? (4) Full dockage fees will be paid to the Port at the time of application for berthing reservation Prepaid dockage fees will be non-refundable unless a written cancellation is received by the Port a minimum of 24 hours prior to scheduled vessel arrival. <p style="text-align: center;">(Continued on next page)</p>		
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<p style="text-align: center;"><u>DOCKAGE (Continued)</u></p> <p>(5) When space is available, vessels with approved reservations may have a 24-hour grace window on either side of scheduled call/stay provided no other reservations have been received.</p> <p>(6) Vessels that dock at berths without prior berthing application approvals do not have berthing privileges or priority and shall complete a berthing application immediately after docking.</p> <p>(g) VESSELS REQUIRED TO VACATE BERTHS:</p> <p>Vessels may occupy a berth, subject to charges named in Item 200, Section (j), providing such vessel shall vacate the berth upon demand by the Port Director or his authorized representative. Vessels refusing to vacate berth on demand may be moved by tug or otherwise, and any expenses or damages to vessel, other vessels or wharf structures during such removal shall be charged to the vessel so moved.</p> <p>(h) CHARGES ON VESSEL SHIFTING:</p> <p>When a vessel is shifted directly from one wharf (berth) to another wharf (berth) owned by the Port of Sitka, the total time at such berths will be considered together in computing the dockage charge.</p> <p>(i) CHARGES TO ASSISTING VESSELS:</p> <p>A single vessel, when actively engaged as a tug boat, assisting and made fast outboard of a vessel loading or discharging cargo, will be accorded free dockage. A tug boat leaving its tended vessel for any purpose shall waive its right to free dockage for the period of berthing it left its tended vessel until it secures back to its tended vessel.</p>		
<p style="text-align: center;">ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p>		

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<div>DOCKAGE (Continued)</div> <div>(j) DOCKAGE RATES WILL BE ASSESSED AS FOLLOWS EXCEPT AS OTHERWISE PROVIDED.</div> <table><tr><td>Vessel Length (feet)</td><td colspan="6">DOCKAGE RATE In Dollars</td></tr><tr><td></td><td><u>2018</u></td><td><u>2019</u></td><td><u>2020</u></td><td><u>2021</u></td><td><u>2022</u></td><td><u>2023</u></td></tr><tr><td>0 – 50 feet – rate per foot</td><td>\$0.80</td><td>\$0.84</td><td>\$0.89</td><td>\$0.94</td><td>\$1.00</td><td>\$1.06</td></tr><tr><td>51 – 149 feet – rate per foot</td><td>\$1.00</td><td>\$1.06</td><td>\$1.12</td><td>\$1.19</td><td>\$1.26</td><td>\$1.34</td></tr><tr><td>150 - 199</td><td>\$396</td><td>\$420</td><td>\$445</td><td>\$472</td><td>\$500</td><td>\$530</td></tr><tr><td>200 - 299</td><td>\$592</td><td>\$628</td><td>\$665</td><td>\$705</td><td>\$747</td><td>\$792</td></tr><tr><td>300-399</td><td>\$922</td><td>\$998</td><td>\$998</td><td>\$998</td><td>\$998</td><td>\$998</td></tr><tr><td>400</td><td>\$1,175</td><td>\$1,272</td><td>\$1,272</td><td>\$1,272</td><td>\$1,272</td><td>\$1,272</td></tr></table>			Vessel Length (feet)	DOCKAGE RATE In Dollars							<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	0 – 50 feet – rate per foot	\$0.80	\$0.84	\$0.89	\$0.94	\$1.00	\$1.06	51 – 149 feet – rate per foot	\$1.00	\$1.06	\$1.12	\$1.19	\$1.26	\$1.34	150 - 199	\$396	\$420	\$445	\$472	\$500	\$530	200 - 299	\$592	\$628	\$665	\$705	\$747	\$792	300-399	\$922	\$998	\$998	\$998	\$998	\$998	400	\$1,175	\$1,272	\$1,272	\$1,272	\$1,272	\$1,272
Vessel Length (feet)	DOCKAGE RATE In Dollars																																																									
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<p>Note 1: Dockage is assessed as follows:</p> <ul style="list-style-type: none"> a. Incidental Use of the Dock – Vessels 0 - 200 feet = \$25/hour for up to 4 hours. b. Over 4 hours, and not more than 24 hours, shall be charged one full day's dockage. c. Vessels over 200 feet shall be charged one full day's dockage for incidental use. <p>(k) MONTHLY DOCKAGE RATES:</p> <p>Vessels employed solely in the business of providing tug service to vessels calling at the Port may make application to the Port Director for monthly dockage rates.</p> <p>4</p> <p>Vessels accorded the monthly rate shall not be deemed to have been given any preferential berthing right and shall vacate any particular berth when ordered to do so by the Port Director.</p> <p>The monthly agreement may be revoked by the Port Director and terminated by the operator upon five days written notice.</p> <p style="text-align: center;">(Continued on next page)</p>		
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska		

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ITEM 202 <u>DUNNAGE</u> (a) DEFINITION: The specified items approved by the Sitka Port Commission for which no wharfage charge will be assessed on outbound containers carrying the specific dunnage items, for which wharfage was assessed on the inbound movement. The qualifying dunnage materials that are used strictly for the purpose of securing and protecting cargo are listed below: Bags, Horticultural, Growing Bags, bulk container, empty Bales of Cardboard Baskets Bins, necessary for the transportation of groceries, foodstuffs and/or department store merchandise Blankets, furniture Boxes, fiberboard, paper or pulpboard, used, collapsed Bread Trays Cans, Aluminum, empty, used Containers, bulk flour Containers, bulk liquid (Porta-feeds), used for transporting chemicals or paint, in bulk, capacity not to exceed 500 gallons each Cylinders Cribbing Cribs Dunnage, rubber, inflatable Dunnage, wooden Hampers, garment Hangers, garment Kegs, not exceeding 55 gallon capacity Load locks Material, not a part of the pallet, platform, skid or shipping container, used to protect top of lading or to secure the load to the pallet, platform or shipping container Milk Baskets, Milk Crates Pads; i.e., packing, shipping, cotton or jute, old, used per Item 148700 of NMFC (Furniture Pads) Pallets <div style="text-align: center;">(Continued on next page)</div>		
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ITEM 212 <u>FREE TIME</u> <div> <div>(a) DEFINITION:</div> <div>The specified period during which cargo may occupy space assigned to it on Terminal property, free of wharfage, demurrage or terminal storage charges, immediately prior to the loading, or subsequent to the discharge, of such cargo on or off the vessel.</div> </div> <div> <div>(b) COMPUTING FREE TIME:</div> <div>Free time starts the first 12:00 am after cargo is received or unloaded onto wharf from car or truck, or, in the case of cargo received from vessel, the first 12:00 am after completion of the vessel's discharge. On outbound traffic, the day or days vessel is loading are not included in the computation. On inbound traffic from vessel, delivery of which is made after the allotted free time period, the day freight is loaded out or delivered to truck or car is to be included in the computation as a storage day.</div> <div>When freight is transshipped between deep sea vessels and involves application of both a long and short time period, the longer period shall be allowed, but not the aggregate of any two free time periods.</div> </div> <div> <div>(c) FREE TIME PERIOD:</div> <div>Free time of three (3) days will be allowed on all inbound traffic. Free time of three (3) days will be allowed on all outbound cargo. Subject to the discretion of the Port Director.</div> </div>		
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska		

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ITEM 222 <u>PORT LABOR</u>											
<p>(a) SUBJECT TO CHANGE: The rates named in this tariff, revisions or supplements thereto, are based upon ordinary traffic and labor conditions. If and when these conditions change because of demand of labor for increased wages, strikes, congestions or other causes not reasonably within the control of the Port of Sitka, resulting in an increased cost of service, the rates are subject to change without notice.</p> <p>(b) OVERTIME: Overtime work performed on Saturdays, Sundays, or Holidays or after 5:00 P.M., or before 8:00 A.M., Mondays through Fridays, or during meal periods as shown below:</p> <table> <tr> <td>06:00 A.M.</td><td>to</td><td>07:00 A.M.</td></tr> <tr> <td>12:00 Noon</td><td>to</td><td>01:00 P.M.</td></tr> <tr> <td>06:00 P.M.</td><td>to</td><td>07:00 P.M.</td></tr> </table> <p>(c) STANDBY TIME: Except as otherwise provided, when the Port of Sitka is required to order labor for a specific service, and through no fault or inability of the Port of Sitka, the work or service is not commenced, causing standby time to accrue, or when work or service after commencement is delayed through no fault of the Port of Sitka for periods of fifteen consecutive minutes or more, current man-hour rates or agent's actual labor rates, plus 15% will be assessed against the part for whom labor was ordered. In computing cost of man-hour time, less than 15 minutes will be considered no delay, but time of 15 minutes or more will be considered delay time and charges computed from cessation of work until resumption of work will be assessed in units of 15 minutes, except that no charge will be made for the final 15 minutes if work commences within the first seven minutes of such period.</p> <p>(d) MINIMUM LABOR HOURS: When the Port of Sitka is required to furnish labor for a specific service and such service is completed before the expiration of the minimum time allowed under current labor working agreements and awards, the labor charges accruing after the specific service is completed and until the end of the minimum time allowed will be assessed at current man-hour rates plus 15% overhead.</p>			06:00 A.M.	to	07:00 A.M.	12:00 Noon	to	01:00 P.M.	06:00 P.M.	to	07:00 P.M.
06:00 A.M.	to	07:00 A.M.									
12:00 Noon	to	01:00 P.M.									
06:00 P.M.	to	07:00 P.M.									
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<p style="text-align: center;"><u>PORT LABOR (Continued)</u></p> <p>(e) RATES APPLY WHEN NOT OTHERWISE PROVIDED: When services are performed by the Port of Sitka, its employees or agents, for which no specific rates are set forth in this tariff, or when reference is made to this item, charges for such services shall be at current man-hour rates, or agent's actual labor rates, plus 15% overhead, and the charge for any equipment used as set forth in Item 205. Charge for materials furnished in connection with said services will be assessed at actual cost to the Port of Sitka, plus 15%.</p> <p>(f) LINE HANDLING: The Port of Sitka does not perform the services of line handling. Such service is arranged by and is for the account of the agents of the vessel or stevedore company handling the vessel.</p> <p>(g) LONGSHORE MAN•HOUR RATES: Man-hour rates for longshore work are available from holders of valid stevedore companies.</p>		
<p style="text-align: center;">ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p>		

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ITEM 250 <u>WHARFAGE</u>		
<p>(a) Wharfage is the charge assessed against any freight, cargo, goods placed in a transit shed or on a wharf, or passing through, over or under a wharf or Municipal Terminal; or transferred between vessels, or loaded to or unloaded from a vessel at a wharf, regardless of whether or not a wharf is used. Wharfage is solely the charge for use of wharf and does not include handling, sorting, piling of freight or charges for any other</p> <p>(b) APPLICATION: Wharfage rates named in this tariff will be charged for all merchandise received over the Municipal Docks or Municipal Terminal of the Port of Sitka and will be in addition to all other charges made under provisions of this tariff, EXCEPT:</p> <p>No wharfage shall be charged to ship's gear, such as strongbacks, lines, hatch covers, walking boards, etc., placed on wharf during unloading operations. Fuel handled over wharf will not be considered as ship's stores and will be subject to wharfage and other charges that may be incurred.</p> <p>(c) OVERSIDE: Full wharfage named herein will be charged to merchandise discharged or loaded overside of vessel directly to or from another vessel or to the water when vessel is berthed at wharf.</p> <p>(d) OVERSTOWED CARGO: Overstowed cargo destined for discharging at another port will be exempt of wharfage charges, provided such cargo is immediately re-loaded to departure of the same vessel.</p> <p>(e) MINIMUM CHARGE: See Item 220.</p> <p>(f) SCHEDULE OF RATES: Except as otherwise specifically provided, rates are in cents per ton of 2000 lbs.</p> <p>(g) TRANSSHIPPED CARGO: Transshipped cargo shall be taken as a single through movement and shall be included only one time for purposes of determining the wharfage rate.</p> <p>(h) SECURITY SURCHARGE: Notwithstanding any other schedule of charges, the Port of Sitka shall assess a security surcharge of \$0.58 per ton for all commodities crossing the Port of Sitka.</p>		
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska		

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COMMODITY		WHARFAGE RATE In Dollars						
		<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
ITEM 251 Aggregates	Per ton	\$1.17	\$1.24	\$1.31	\$1.39	\$1.48	\$1.57	
ITEM 252 Freight, N.O.S	Per ton	\$7.03	\$7.45	\$7.90	\$8.37	\$8.88	\$9.41	
ITEM 253 Fish	Per ton	\$14.50	\$15.37	\$16.29	\$17.27	\$18.31	\$19.41	
ITEM 254 Seine Skiff/Bait Shed/Nets on Pallet	Per skiff	\$35.00	\$37.10	\$39.33	\$41.69	\$44.19	\$46.84(C)	
ITEM 255 30 AMP	Per day	\$8.00	\$8.48	\$8.98	\$9.52	\$10.09	\$10.70	
ITME 255 50 AMP	Per day	\$15.00	\$15.90	\$16.85	\$17.87	\$18.94	\$20.07	
ITEM 255 100 AMP	Per every 4 hours	\$20.00	\$21.20	\$22.47	\$23.82	\$25.25	\$26.76	
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska Change approved by CBS Assembly 09/11/2018								

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COMMODITY	WHARFAGE RATE In Dollars					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Pursuant to the establishment of the Office of Homeland Security in 2001 and Maritime Transportation Security Act of 2002, the Port of Sitka will assess a security fee in order to defray expenses associated with mandated security measures.						
Heavy Equipment including cranes, sanders, sweepers, graders, loaders, fork lifts,	\$12.87	\$13.64	\$14.46	\$15.33	\$16.25	\$17.22
PORT FACILITY SECURITY FEES petroleum products. See Item 170.	\$0.68	\$0.72	\$0.76	\$0.81	\$0.86	\$0.91
CARGO VESSELS						
Notwithstanding any other schedule of charges, the Port of Sitka shall assess a security surcharge on <u>per ton</u> for all commodities crossing the Port of Sitka facilities. (Subject to Note 1)						
NON-CARGO VESSELS						
Notwithstanding any other schedule of charges, the Port of Sitka shall assess a security fee on the gross tons of all vessels calling at the Port facilities.	\$0.12	\$0.13	\$0.13	\$0.14	\$0.15	\$0.16
PASSENGER						
Notwithstanding any other schedule of charges, the Port of Sitka shall assess a security fee on per passenger embarking or disembarking at the Port facilities.	\$1.17	\$1.24	\$1.31	\$1.39	\$1.48	\$1.57
Note 1: The Upper Cook Inlet Area Maritime Stakeholders that currently contribute to Security are exempt from the above security fees.						
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska						

PORT OF SITKA TERMINAL TARIFF, CBS NO. 3	Orig./Rev.	Page				
	Original	45				
	Cancels	Page				
	Effective Date					
	Correction No.					
SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES						
Terminal Storage (A)						
(a) TERMINAL STORAGE						
Transit storage is cargo/support equipment storage for which arrangements have been made in advance of vessel or cargo arrival at the Port of Sitka.						
Storage charges for cargos in transit will be assessed as follows:						
	STORAGE RATE in Dollars					
	2018	2019	2020	2021	2022	2023
(1) Annual rate for storage of fishing nets on 8'x12' pallets:	\$1,000	\$1,060	\$1,123.60	\$1,191	\$1,262.50	\$1,338.25
Storage rate per month: \$125/month (2 month minimum, paid up front).	\$250	\$265	\$280.90	\$297.75	\$315.62	\$334.55
Storage rate per month for fishing nets stored on dock.	\$250	\$265	\$280.90	\$297.75	\$315.62	\$334.55
(2) Storage rate per sq. ft. per month for bait sheds and misc. gear stored on 20'x20' area (minimum size). (2 month minimum, paid up front).	\$0.60	\$0.64	\$0.68	\$0.72	\$0.76	\$0.81
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska Addition approved by CBS Assembly 9/11/2018						



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-166 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Approve a request filed by Allen Marine Tours, Inc. to proceed with an application for a Restaurant/Eating Place License Exemption with the Alcohol & Marijuana Control Office for lot 6 Finn Island

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Memo.pdf](#)

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

POSSIBLE MOTION

I MOVE TO approve a request filed by Allen Marine Tours, Inc. to proceed with an application for a Restaurant/Eating Place License Exemption with the Alcohol & Marijuana Control Office for lot 6 Finn Island.



Allen Marine Tours, Inc.

P. O. Box 1049

Sitka, AK 99835

Phone: (907)747-8100 Fax: (907)747-4819

To: City of Sitka Assembly

From: Allen Marine Tours

Date: August 29, 2018

Re: City of Sitka's Approval of Liquor License for Finn Island Lodge

Purpose:

Allen Marine Tours, Inc. requests the approval of the governing body of the City and Borough of Sitka to apply for a Restaurant/Eating Place – Public Convenience liquor license for our new lodge located at Lot 6 on Finn Island.

Background – At the request of the major cruise lines, Allen Marine Tours, Inc. (AMT) has made a significant investment to acquire land located at lot 6 Finn Island. We have constructed a day lodge on these premises, which will be used mainly for the tours offered to cruise ship passengers. Through the development of this tour, it is the hope of AMT to help grow the economy of Sitka through increased number of cruise ship passengers, increase the number of jobs through new tour offerings, increased tax revenue to the City of Sitka and continued growth of AMT.

Allen Marine Tours, Inc. made this investment in 2018 and opened the lodge in late July 2018. As part of the tour, guests board an AMT vessel at the one of the local harbors, does a wildlife tour in and around Sitka Sound, and then goes to Finn Island for a prime rib / king crab meal served at our day lodge. As part of our tour experience, some guests enjoy having an alcoholic beverage during the tour and/or during their meal. All of AMT's vessels currently have liquor licenses and are able to serve alcohol while guests are on board. However, upon disembarking our vessel to Finn Island, we are currently unable to serve alcohol to our guests while they are at our day lodge as we have not been able to acquire a license to do so.

AMT originally applied for a Restaurant/Eating Place license for Finn Island Lodge, but this was denied by the Alcohol and Marijuana Control Office (AMCO) due to population limitations on the number of authorized liquor licenses for Sitka per AS 04.11.400. Based on the population of the City and Borough of Sitka, there are 6 Restaurant/Eating Place licenses authorized and 7 licenses have been issued. We have been working with AMCO in identifying another route to get a license under different provisions established in the code, however Finn Island does not meet the requirements established by AMCO for other license criteria.

Due to the denials we have received, AMT has identified three options for acquiring the license needed to serve alcohol at our facility. Those include the following:

1. AMT can purchase an existing restaurant eating place license from an existing vendor
2. We can attempt to get a "destination resort" license.

3. AMT can apply for a restaurant eating place license exemption following the criteria established in the AMCO regulations

Option 1 is not viable as it is cost prohibitive. Option 2 has several hurdles that are making us question if this option is feasible. Those include leasing property and relying on AMCO's interpretation of the regulations to be favorable to AMT. As a result, AMT believe that option 3 is the best option for success to acquire the license we desire.

To acquire the license under option 3, AMT must follow the following exception procedures:

Applying for a Restaurant/Eating Place – Public Convenience license, which is pursuant to AS 04.11.400(g) and 3 AAC 304.335 has the following requirements:

3 AAC 304.335

(1) there is community support, which must be shown by a petition signed by a majority of the residents 21 years of age or over who reside within one mile of the proposed premises; and

(2) the governing body of the municipality in which the licensed premises are to be located approves the application.

AMT has not yet performed the petition process but is prepared to do so. We believe we should first acquire the approval of the City of Sitka before moving forward into the petition phase.

We sincerely hope the managers of the City and Borough of Sitka will see the benefits of these new tours and will support Allen Marine Tours, Inc. and other local businesses by giving their approval for this liquor license.

Sincerely,
Allen Marine Tour's Inc. Management



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-167 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Discussion / Direction on a mitigation proposal submitted by Andrew Friske and Scott McArthur for South Kramer Avenue (possible executive session)

Sponsors:

Indexes:

Code sections:

Attachments: [Discussion Direction mitigation proposal.pdf](#)
[Kramer Ave Mitigation Powerpoint \(003\).pdf](#)
[4349-16 Preliminary Landslide Report.pdf](#)

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

Discussion / Direction

on a mitigation proposal submitted by Andrew Friske and
Scott McArthur for South Kramer Avenue.

Note: Mr. Friske and Mr. McArthur plan to provide a presentation. If after the presentation, the Assembly desires to convene in executive session*, the following motion is in order.

Possible motions- if desired

I MOVE to go into executive session to discuss communications with the Municipal Attorney concerning legal matters affecting the municipality with respect to the Friske/McArthur mitigation proposal or legal consequences of past, present or future municipal actions, and invite in if desired, and when ready, Public Works Director Michael Harmon.

I MOVE to reconvene as the Assembly in regular session.

*Sitka General Code 2.04.020 Meetings

D. All meetings shall be open to the public except that the following may be discussed in closed executive session:

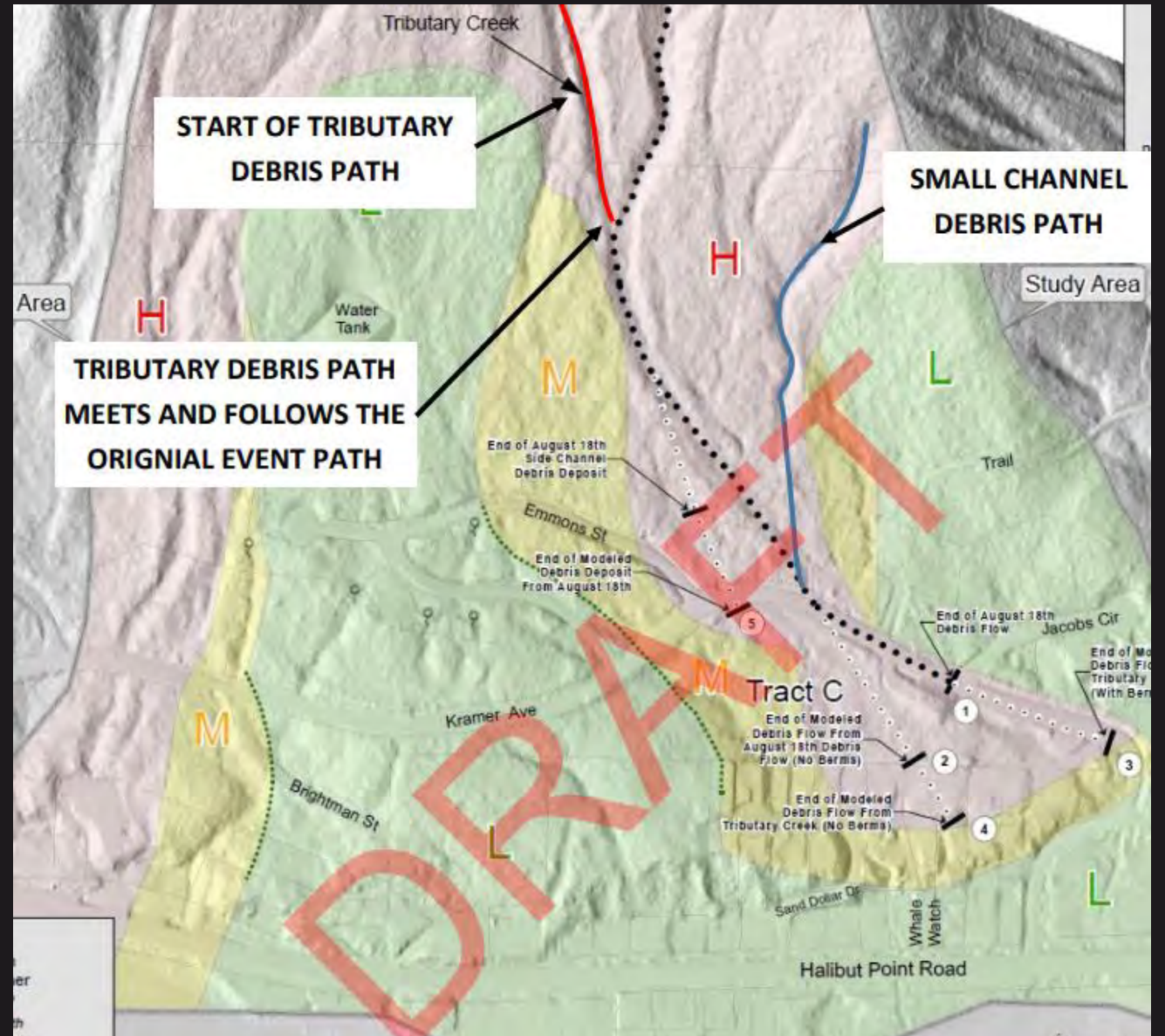
1. Matters, the immediate knowledge of which would adversely affect the finances of the municipality;
2. Subjects that tend to prejudice the reputation and character of any person, provided the person may request a public discussion;
3. Matters which by law, municipal Charter or ordinances are required to be confidential;
4. Communications with the municipal attorney or other legal advisors concerning legal matters affecting the municipality or legal consequences of past, present or future municipal actions.



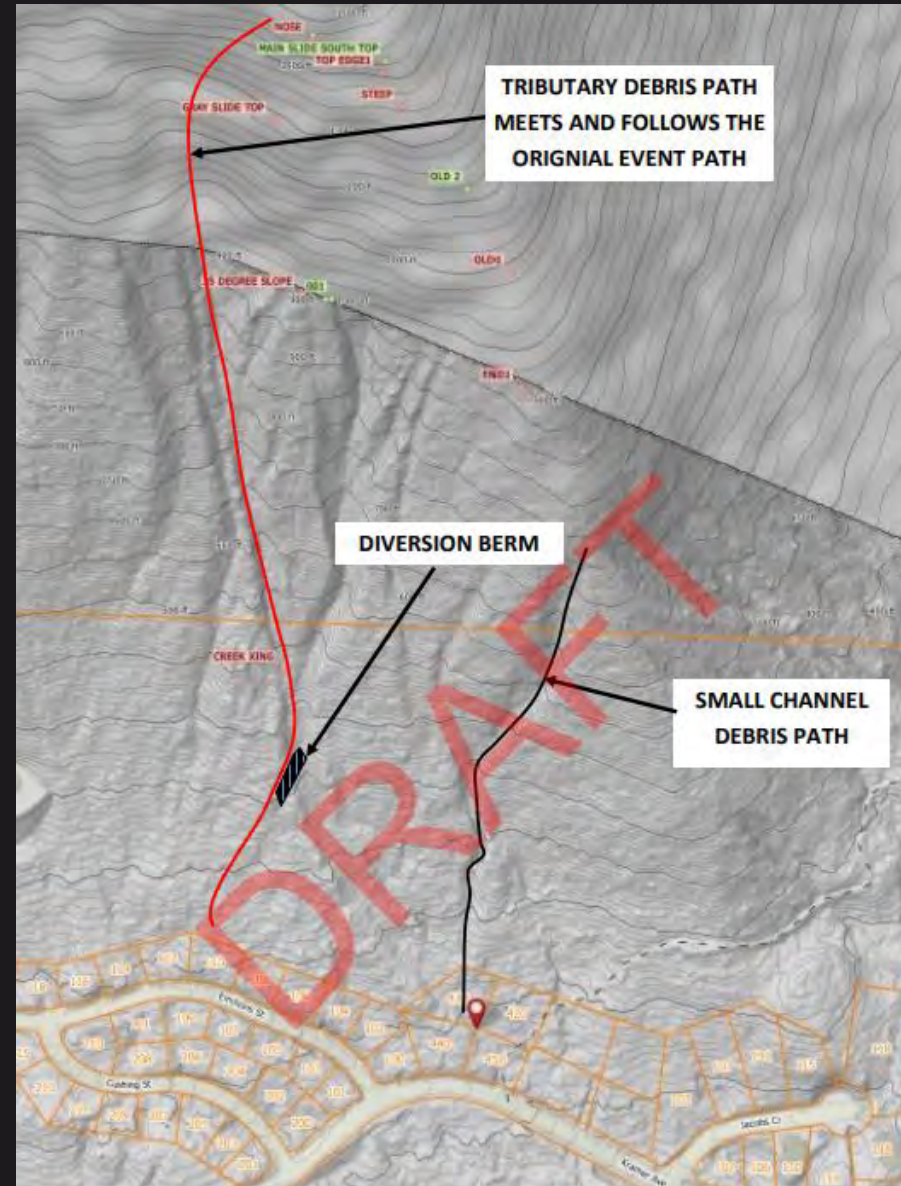
SOUTH KRAMER MITIGATION

September 11th, 2018

Current Map



Proposed Mitigation



Benefits to Public

- Safety
- Stable Real Estate Market
- Increased Property Values

Benefits to the City of Sitka

- Healthy Precedent
- Protection of City Infrastructure
- Decreased Liability
- Additional Revenue



PRELIMINARY LANDSLIDE MODELING
for
KRAMER AVENUE LANDSLIDE
SITKA, ALASKA

Prepared for:

Andrew Friske
210 Kramer Ave.
Sitka, Alaska 99835

Prepared by:

Northern Geotechnical Engineering, Inc. *d.b.a.* Terra Firma Testing

SEPTEMBER 2018



September 5, 2018

NGE-TFT Project # 4349-16

Andrew Friske
210 Kramer Ave
Sitka, Alaska 99835

RE: PRELIMINARY DEBRIS FLOW MODELING FOR TWO POTENTIAL LANDSLIDES NEAR KRAMER AVENUE LANDSLIDE IN SITKA, ALASKA.

Andrew,

We (Northern Geotechnical Engineering, Inc. *d.b.a.* Terra Firma Testing) have prepared this letter to present our preliminary debris flow model with a diversion structure for the aforementioned project. The preliminary debris flow modeling intended to assist in planning to decrease the risk of potential damage from future debris flows to the residential properties along Kramer Avenue without increasing the risk to the downhill Sand Dollar Subdivision.

As a part of our evaluation, the risk of a future event similar to that which occurred on August 18, 2015 needs to be determined. We have not yet addressed the risk. This will involve study of precipitation and evaluating the effects of our estimate of the volume of the debris flow on the distance travelled

A landslide occurred on August 18, 2015, which the debris flow impacted several residential lots along Kramer Avenue and resulted in the loss of three lives. Shannon and Wilson, Inc. (SWI) conducted an overview study of the landslide, which is titled *South Kramer Avenue Landslide: Jacobs Circle to Emmons Street, Sitka, Alaska*, dated February 2, 2016. It was recommended by SWI that the project site be further investigated to determine mitigations to protect the existing and future development from potential landslides in the adjacent gully. This report presents our preliminary work to develop and analyze proposed mitigation features.

Two potential landslides paths, a tributary to the north of the landslide that occurred on August 18, 2015 and a small channel to the south, were evaluated by modeling the debris flow. The model of the tributary includes a diversion structure that directs the debris path to the north of the landslide on August 18, 2015. For the diversion structure we recommend an earthen berm that is constructed from the existing debris in the area. From the preliminary landslide modeling we expect that the earthen berm will be approximately 200 feet long, 25 feet tall and 15 feet wide at the crest. Our preliminary modeling shows that the debris stops approximately 240 to 330 feet east of Emmons Street.

Additional modeling and site evaluations will be required to provide detailed recommendations for the diversion berm, the runout zones and water flow paths.



The second model is of the small channel to the south and the model does not include any modeling of provisions to mitigate risks to the residential lots along Kramer Avenue. This model does not indicate there would be damage to the existing developed residential lots, however these analyses are not exact. In the analyses for the small channel the debris stopped approximately 180 to 200 feet east of Kramer Street. Mitigations to lower the risk of potential damage is not discussed in this report.

We greatly appreciate the opportunity to provide you with our professional service. Please contact us directly with any questions or comments you may have regarding the information that we present in this report, or if you have any other questions, comments, and/or requests.

Sincerely,

Northern Geotechnical Engineering, Inc. *d.b.a.* Terra Firma Testing

Clinton J. Banzhaf, P.E.
Senior Project Engineer

Keith F. Mobley, P.E.
President

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Appendix A	UBCDFLOW Tributary Model Plan and Cross-section View
Appendix B	UBCDFLOW Small Channel Model Plan and Cross-section View
Appendix C	UBCDFLOW Tributary Analysis Results
Appendix D	UBCDFLOW Small Channel Analysis Results



1.0 INTRODUCTION

In this report, we (Northern Geotechnical Engineering, Inc. *d.b.a.* Terra Firma Testing) present the results of a preliminary debris flow analysis we conducted for potential landslides near the Kramer Avenue Landslide in Sitka, Alaska; hereafter referred to as “the project site”. We provided our professional service in accordance with our service fee proposal #4349-16(2) which we submitted to you on March 23, 2018. Our proposed scope was authorized by signing our proposal on March 24, 2018.

The purpose of our service is to begin the process of complying with the recommendations presented by Shannon & Wilson, Inc (SWI) and to determine if mitigation measures could be designed to reduce the risk sufficiently to allow some or all the properties within the potential debris slide zone to be developed and occupied. You contracted us to conduct a preliminary debris flow model for the tributary channel with a diversion structure and a debris flow model for a small channel. The tributary channel model was to include a conceptual diversion structure intended to decrease the risk of potential damage from a landslide to the residential property along Kramer Avenue with no increased risk to the downhill Sand Dollar Subdivision.

In this report, we provide a summary of the preliminary modeling, as well as provide the results of the debris flow results for both the tributary and small channel debris flow paths. We also provide an approximate size of diversion structure required to divert the anticipated debris flow on the tributary landslide. At this time, we have not addressed the risk.

We have not addressed stormwater flow (from snow melt and rainfall that does not induce a debris flow), water flow that will occur past the end of the debris flow, or containment of debris in the runout zone. During our site visit this past spring, discussions included keeping the storm runoff in the existing slide channel, controlling the debris containment to maximize the useable lots on Emmons Street, and to minimize the water flow into the Sand Dollar subdivision below the project site. Our studies to date still indicate that these concepts can be achieved.

2.0 PROJECT OVERVIEW

As we detail in Figure 1 of this report, the project site is located at the south end of Kramer Avenue in Sitka, Alaska. On August 18, 2015, a landslide occurred at the project site, with the debris flow impacting several residential lots and resulting in the deaths of three people; hereafter referred to as “the original event”. SWI conducted an overview study of the debris flow, which was reported in *South Kramer Avenue Landslide: Jacobs Circle to Emmons Street, Sitka, Alaska*, dated February 2, 2016. The SWI report presents a debris flow risk map, shown in Figure 2 of this report, that identifies two additional potential debris flow sources that have potential to impact the residential areas. The most concerning is a debris flow source in the high-risk category which is a tributary

adjacent to the original event. The second potential debris flow source is a small channel to the south of the original event. The results of SWI debris flow analysis for both the original event and tributary is also shown on the flow risk map in Figure 2 of this report. The berm that is referred to on Figure 2 of this report for the SWI debris flow analyses is a berm that was stockpiled material and has since been removed.

We agree with SWI's opinion that it is not possible or practical to prevent landslides and further studies should be conducted to design mitigation measures to protect existing and future development from a potential debris flow starting in the tributary gully.

The preliminary mitigation is to direct the adjacent tributary debris path, with a diversion structure, to the north of the original event with goal of the debris flow ending before Emmons Street. As part of this diversion plan the properties to the east of Emmons Street would remain undeveloped.

3.0 DEBRIS FLOW ANALYSIS

We conducted a debris flow analysis for the tributary debris flow with a diversion berm and for the small channel to the south of the original event.

3.1 UBCDFLOW

We used UBCDFLOW, empirical-based computer program, to perform the debris flow analyses for this project. This technique allows the user to manipulate initial flow volume and predict the length of debris flow. However, because the model analysis is based on user defined debris flow directions, slopes, and widths, the results generated are only as accurate as the data that is initially input into the model. Furthermore, the average parameters for the flow path sections are used in the modeling process due to a limited amount of reaches (30) that define the debris flow path. Each reach defines the path with four parameters, that are; length, width, slope angle, azimuth, flow type. These generalizations do not account for the small-scale variations (both vertical and horizontal) which occur in the topography of the project site. Therefore, results obtained from numerical models should not be viewed as absolutes, but can be used along with other site-specific data to help guide design efforts.

3.2 Model Configuration

We have included a topographic map of the project site (provided by you) in Figure 3 of this report, which details the approximate location and orientation of the profiles applied to each model as a part of our debris flow analyses. We estimated the debris flow path parameters for our analyses from the topographic map in Figure 3 of this report. The schematic plan view and cross-section views for the tributary model with a diversion structure are presented in Appendix A of this report. The tributary debris flow was only modeled with a diversion structure, as SWI completed debris flow model assuming the existing conditions. We have also included the schematic plan view and cross-section views for the small channel model in Appendix B of this report. For both the Tributary and Small Channel models, we tested four initial start volumes evenly spaced between

approximately 35,000 cubic feet (1000 cubic meters) and 141,000 cubic feet (4000 cubic meters) of material. The initial start volumes selected for the models were selected to show a range between a large initial start volume and smaller start volume debris flow path results.

3.3 Results

The program UBCFLOW presents the result of the analysis in two graphs that are cumulative debris volume and change in debris volume versus the distance traveled. UBCFLOW also provides a tabulated summary of the information presented in the graphs.

3.4 Tributary Debris Flow

Of the four initial start volumes, the smallest initial volume, 35,000 cubic feet (1000 cubic meters), stopped approximately 330 feet (Reach 23) before Emmons Street. The largest initial volume, 141,000 cubic feet (4000 cubic meters) stopped prior to the residential lots and approximately 240 feet (Reach 24) before Emmons Street. The other initial volumes, 71,000 cubic feet (2000 cubic meters) and 106,000 cubic feet (3000 cubic meters) ended approximately 270 feet, (Reach 24) before Emmons Street. The results of the four analyses are compiled in Appendix C of this report. For these, debris analyses it is assumed that all the debris is diverted away from the Original Event path, via the diversion structure.

3.5 Small Channel Debris Flow

All four initial start volumes, the debris contacted the residential properties the east of Kramer Avenue. However, the debris flow did not reach the residential lots immediately east of Kramer Avenue. Using the smallest initial volume, the debris flow stopped approximately 230 feet (Reach 18) east of Kramer Avenue and the largest stopping approximately 160 feet (Reach 23) east of Kramer Avenue. The model showed the debris flow stopping approximately 200 feet (Reach 20) and 180 feet (Reach 22) east of Kramer Avenue for initial start volumes of 71,000 cubic feet (2000 cubic meters) and 106,000 cubic feet (3000 cubic meters), respectively. The results of the four analyses are compiled in Appendix D of this report.

4.0 ENGINEERING CONCLUSIONS

Based on our results of the debris flow analyses for the tributary channel, a diversion structure is a possible option to reduce the risk of potential damage to the residential property along Kramer Avenue with no increased risk to the downhill Sand Dollar Subdivision. The change in the debris flow from the Original Event will increase the risk of potential damage to the undeveloped lots to the east of Emmons Street between Cushing Street and Kramer Avenue.

The findings from the preliminary analyses on the small channel debris flow shows there is a potential for damage to the residential lots to the east of Kramer Avenue between Emmons Street and Jacobs Circle. The analyses completed for the small channel debris flow did not include any

mitigations to reduce the risk of potential damage but rather mainly to present the possible debris slow path.

5.0 FURTHER ANALYSIS

Our analyses show that a diversion structure is a possible improvement that will reduce the risk of potential damage from a landslide to the residential property along Kramer Avenue with no increased risk to the downhill Sand Dollar Subdivision. Our recommended diversion structure is a large earthen berm, which will be constructed using the debris material from the Original Event.

The following questions remain:

Tributary Channel

- What is an appropriate range of volume of debris to use for analysis?
- How wide should the channel be above the diversion structure?
- How tall should the diversion be?
- How much water can be produced during a storm event that does not include a debris flow
- Where will the water go once the debris is settled out?
- What barrier structures will be needed to minimize the impact to properties at the toe of the debris slide?
- Where will water go during rainfall events that do not induce debris flow?
- What is the return interval for a rainfall event that will induce a debris flow?

Small Channel

- What is an appropriate range of volume to use for analysis?
- Where will the water go once the debris is settled out?
- What is the return interval for a rainfall event that will induce a debris flow?

For the small channel, the volume of debris in the initial state will have a significant impact on the potential for the debris to reach the properties below. Additionally, because the initiation zone is both lower in elevation and not as steep, more rainfall would be needed to initiate a debris flow.

For both channels, it would be helpful to conduct some subsurface explorations to assess the depth of soils above the bedrock. Due to access, it is anticipated this effort would be very labor intensive, involving using a hand-carried auger to drill several borings within each initiation zone. Hand measured survey data to confirm the lidar survey would also benefit the estimation process.

6.0 CLOSURE

We (Northern Geotechnical Engineering, Inc. d.b.a. Terra Firma Testing) prepared this report exclusively for the use Andrew Friske and his consultants/contractors/etc. for use in the planning

process. With Andrew's permission, this report may be shared with others involved with the planning and assessment of the assessment of the properties potentially impacted by future debris flow events in the project area.

The data, interpretations, and recommendations presented herein are preliminary in nature and should not be relied upon for final decisions regarding the future use of the properties impacted. We do expect this report to be reviewed and questions raised regarding further studies. As stated above, based on our preliminary work, there is potential that mitigation structures can be built that will sufficiently reduce the risk on part of the project area.

This report should always be read and/or distributed in its entirety (including all figures, exploration logs, appendices, etc.) so that all the pertinent information contained within is effectively disseminated. Otherwise, an incomplete or misinterpreted understanding of the site conditions and/or our engineering recommendations may occur. Our recommended best practice is to make this report accessible, in its entirety, to any design professional and/or contractor working on the project. Any part of this report (e.g., exploration logs, calculations, material values, etc.) which is presented in the design/construction plans and/or specifications for the project should have an adequate reference which clearly identifies where the report can be obtained for further review.

7.0 REFERENCES CITED

Laprade, William T. *South Kramer Avenue Landslide: Jacobs Circle to Emmons Street Sitka, Alaska*. Shannon & Wilson, Inc., 2016

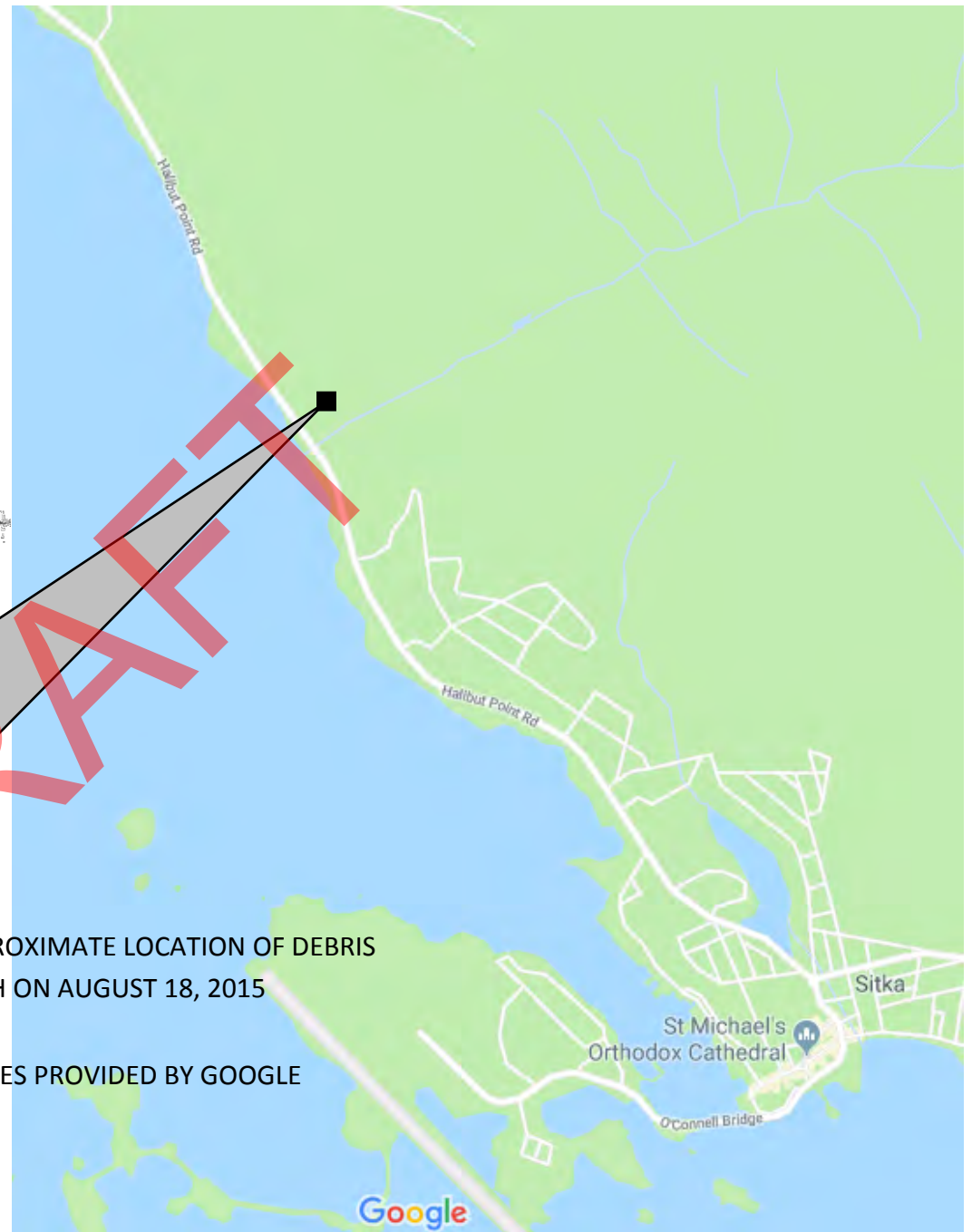


REPORT FIGURES



APPROXIMATE LOCATION OF DEBRIS
PATH ON AUGUST 18, 2015

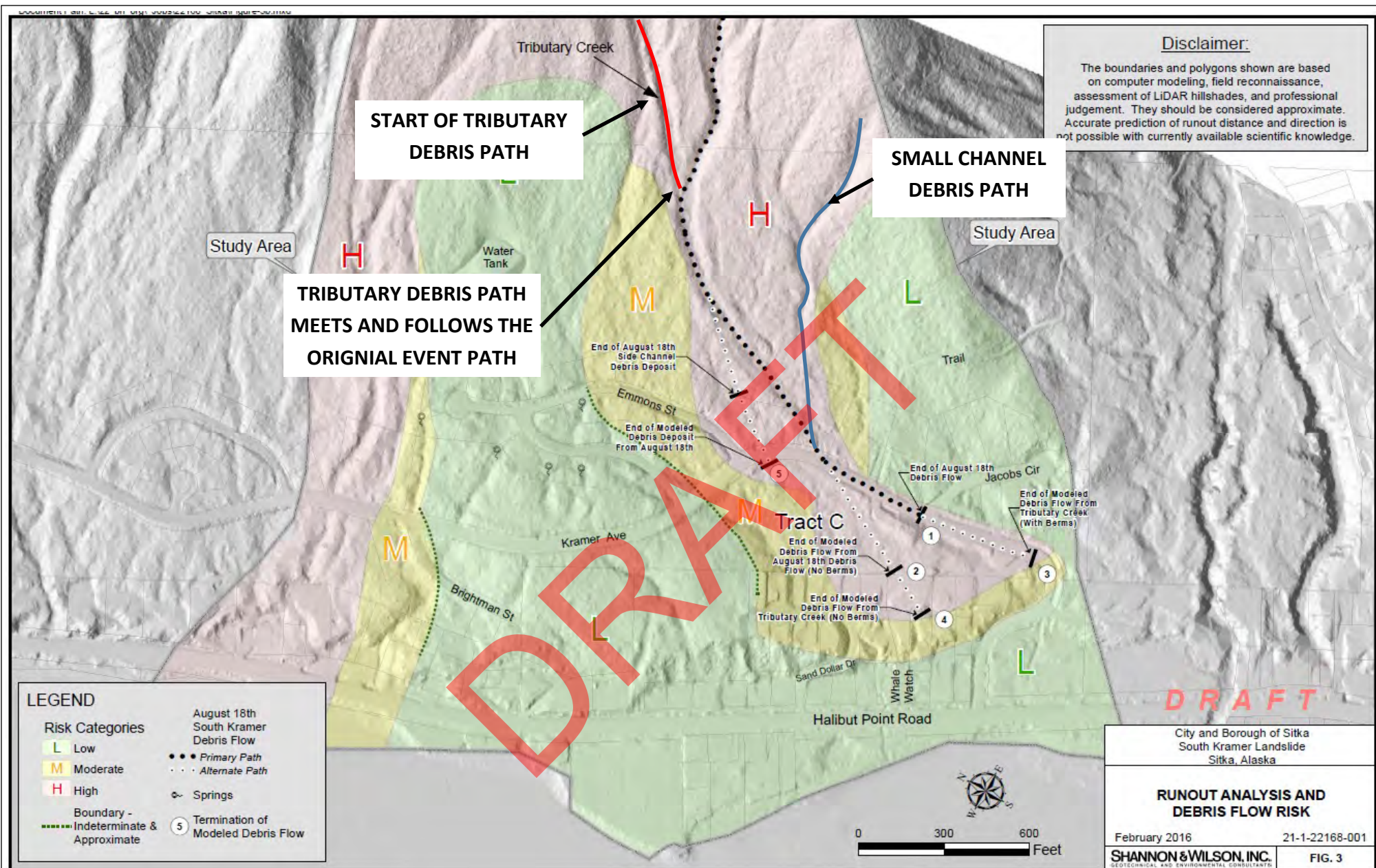
IMAGES PROVIDED BY GOOGLE



NORTHERN GEOTECHNICAL ENGINEERING, INC.
TERRA FIRMA TESTING

FIGURE TITLE:
PROJECT SITE LOCATION
PROJECT NAME:
PRELIMINARY DEBRIS FLOW MODELING
PROJECT LOCATION:
ANCHORAGE, ALASKA

PROJECT ID:
4349-16
FIGURE NUMBER:
1



IMAGAGE PROVIDED BY:

LAPRADE, WILLIAM T. SOUTH KRAMER AVENUE LANDSLIDE: JACOBS CIRCLE TO EMMONS STREET SITKA, ALASKA. SHANNON & WILSON, INC., 2016



NORTHERN GEOTECHNICAL ENGINEERING, INC.
TERRA FIRMA TESTING

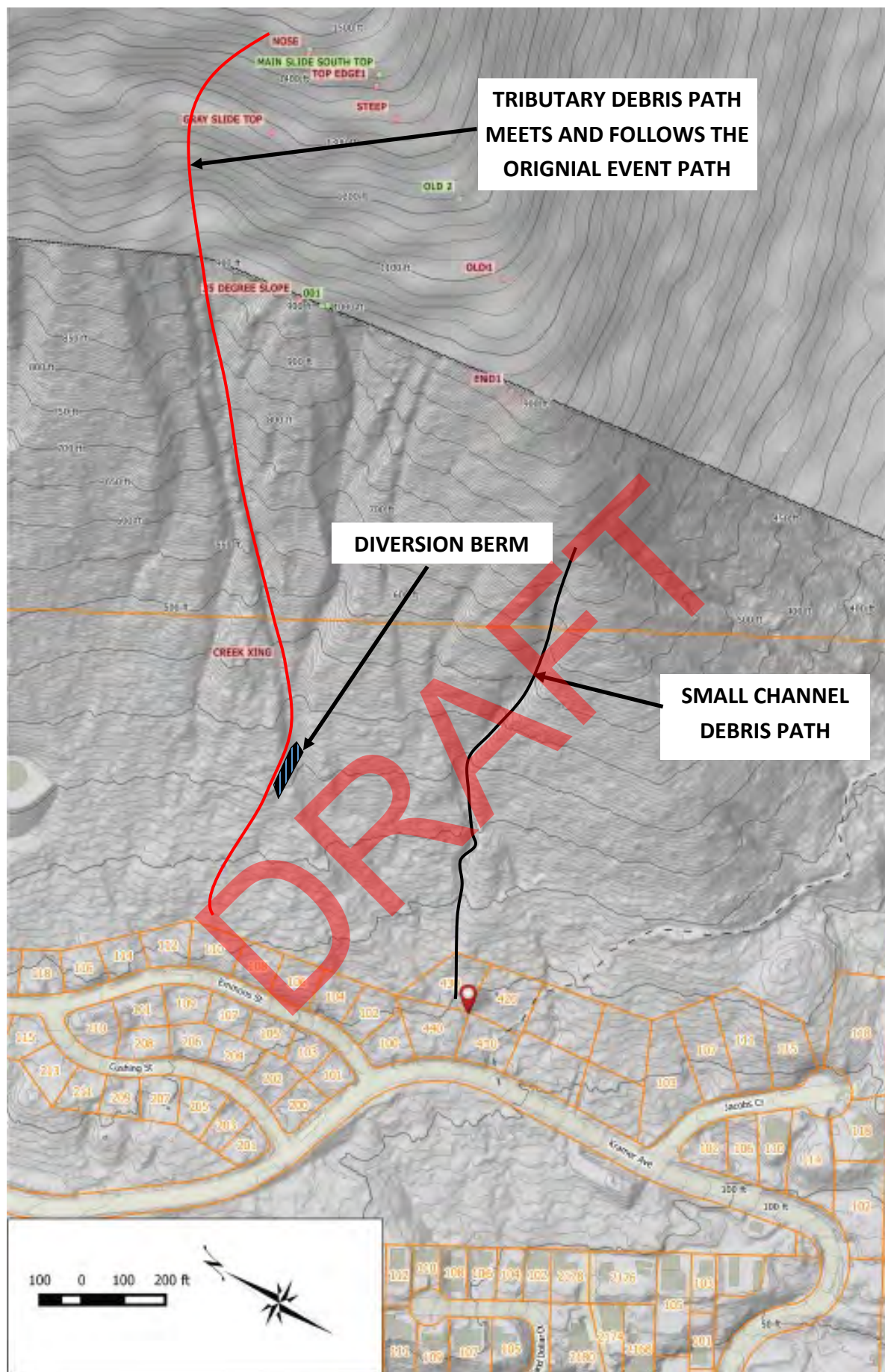
FIGURE TITLE:
DEBRIS FLOW RISK MAP

PROJECT NAME:
PRELIMINARY DEBRIS FLOW MODELING

PROJECT LOCATION:
ANCHORAGE, ALASKA

PROJECT ID:
4349-16

FIGURE NUMBER:
2



NORTHERN GEOTECHNICAL ENGINEERING, INC.
TERRA FIRMA TESTING

FIGURE TITLE:
TOPOGRAPHIC MAP

PROJECT NAME:
PRELIMINARY DEBRIS FLOW MODELING

PROJECT LOCATION:
SITKA, ALASKA

PROJECT ID:
4349-16

FIGURE NUMBER:
3



APPENDIX A

UBCDFLOW TRIBUTARY MODEL PLAN AND CROSS-SECTION VIEW

Unconfined flow is shown in green

Confined flow is shown in blue

Transition flow is shown in red

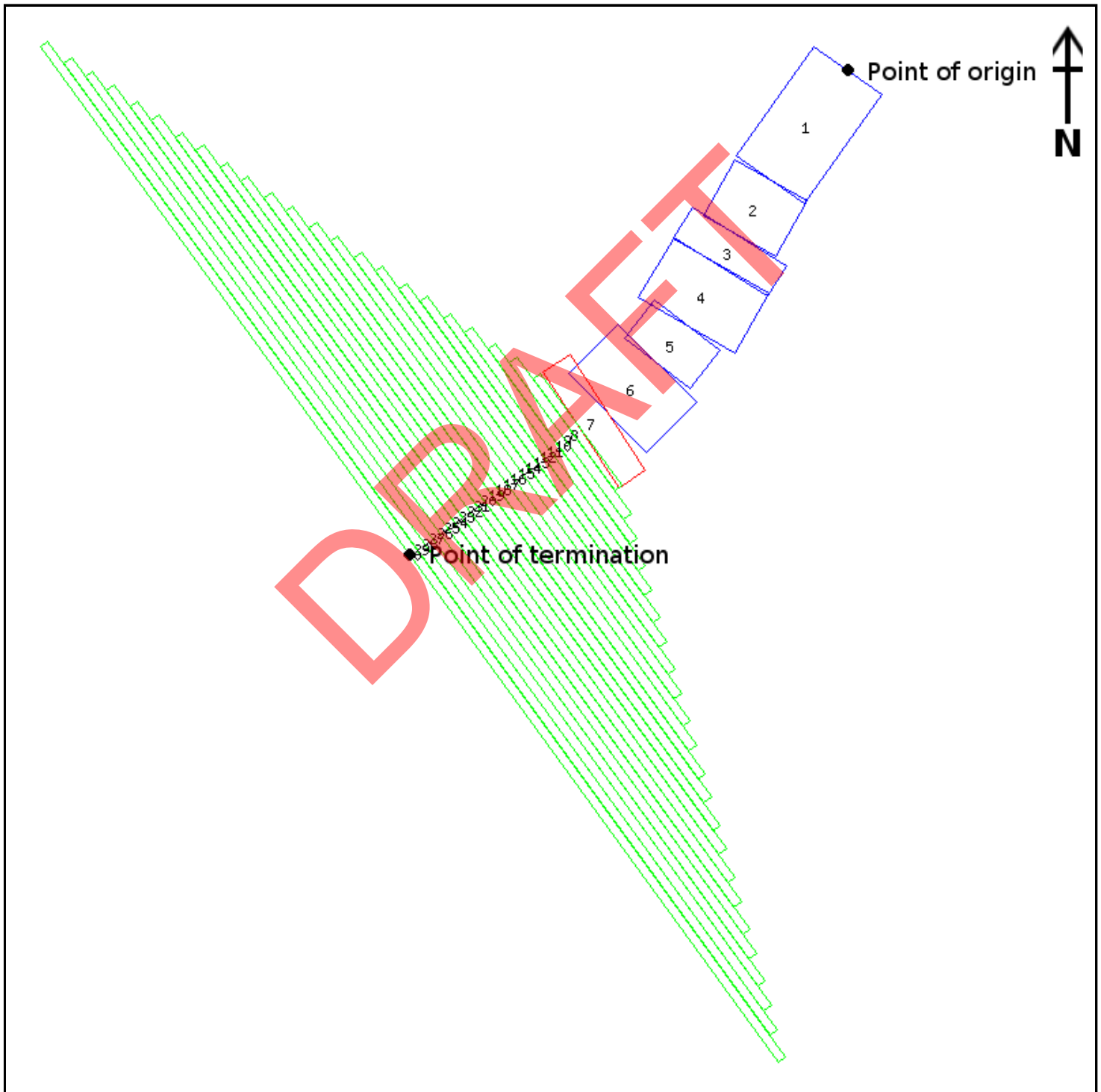
Total travel distance: 719 m /2359ft

Horizontal distance: 617.8 m/2026.9ft

Elevation change: 355.4 m /1166.0ft

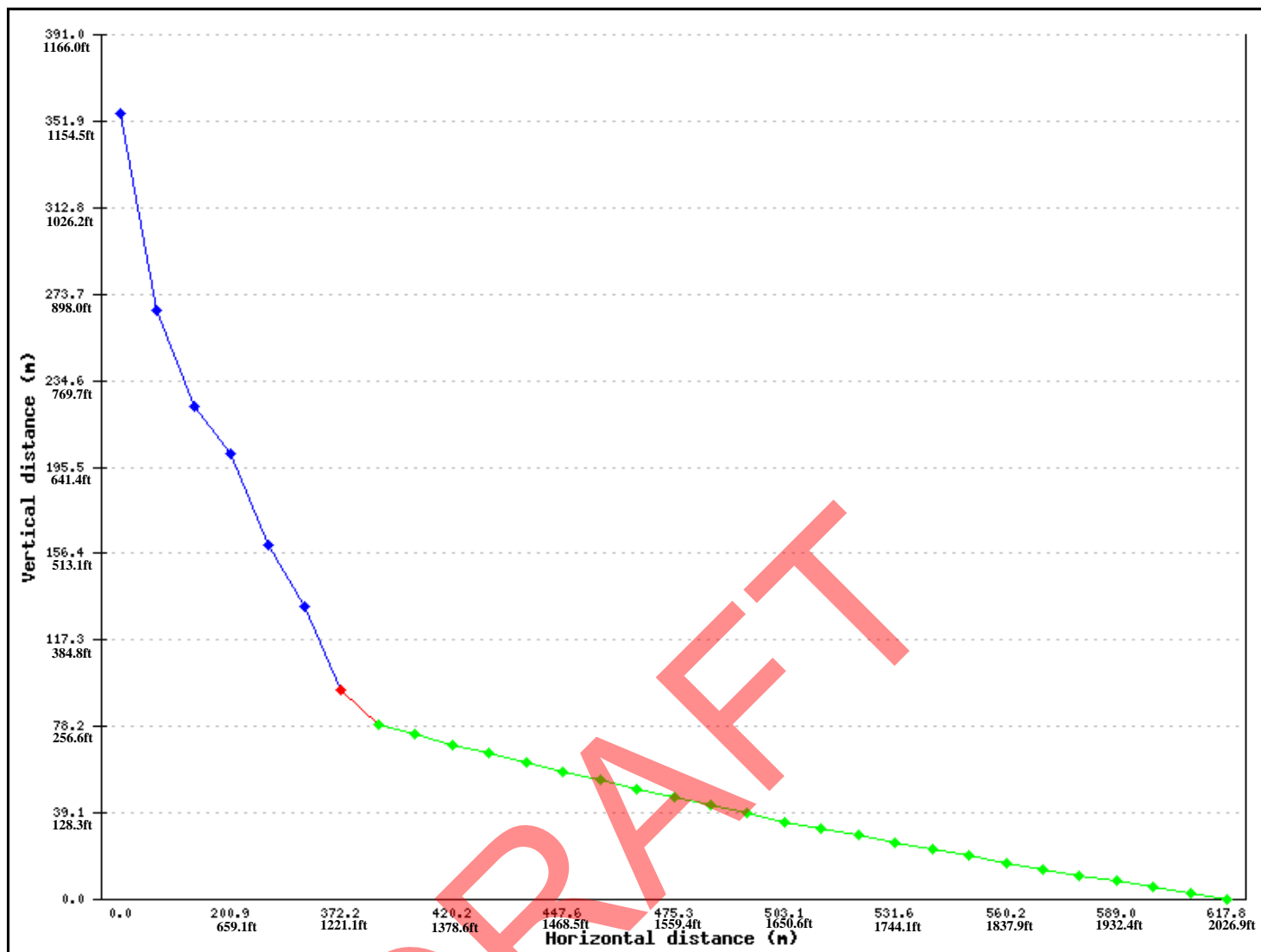
Schematic Plan View (using all reaches described in input data)

Reach widths have been multiplied by 10.



Schematic Cross-Section View (using all reaches described in input data)

TRIBUTARY - CROSS-SECTION VIEW





APPENDIX B

UBCDFLOW SMALL CHANNEL MODEL PLAN AND CROSS-SECTION VIEW

Unconfined flow is shown in green

Confined flow is shown in blue

Transition flow is shown in red

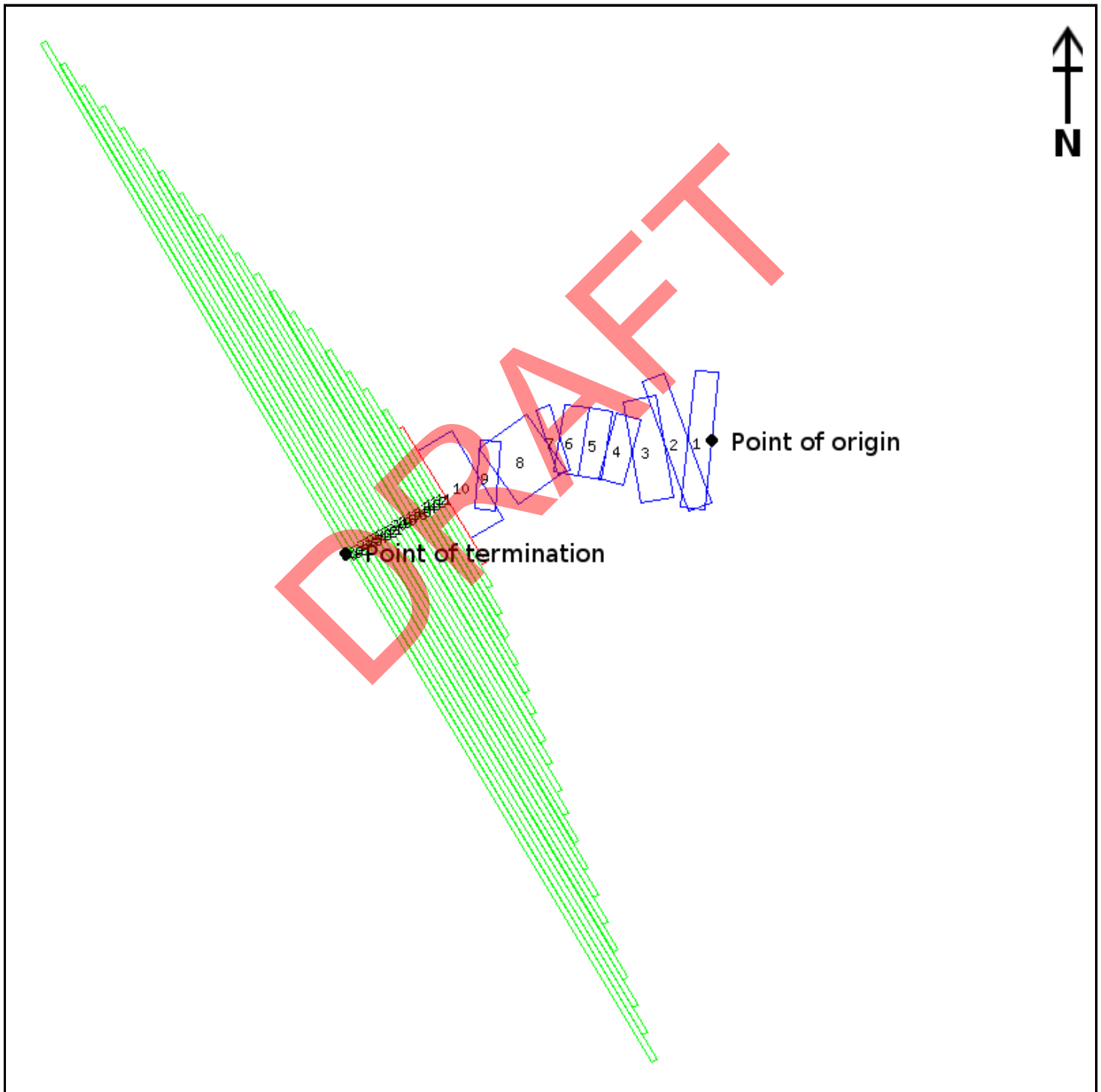
Total travel distance: 352 m /2359ft

Horizontal distance: 323.5 m/2026.9ft

Elevation change: 124.4 m/1166.0ft

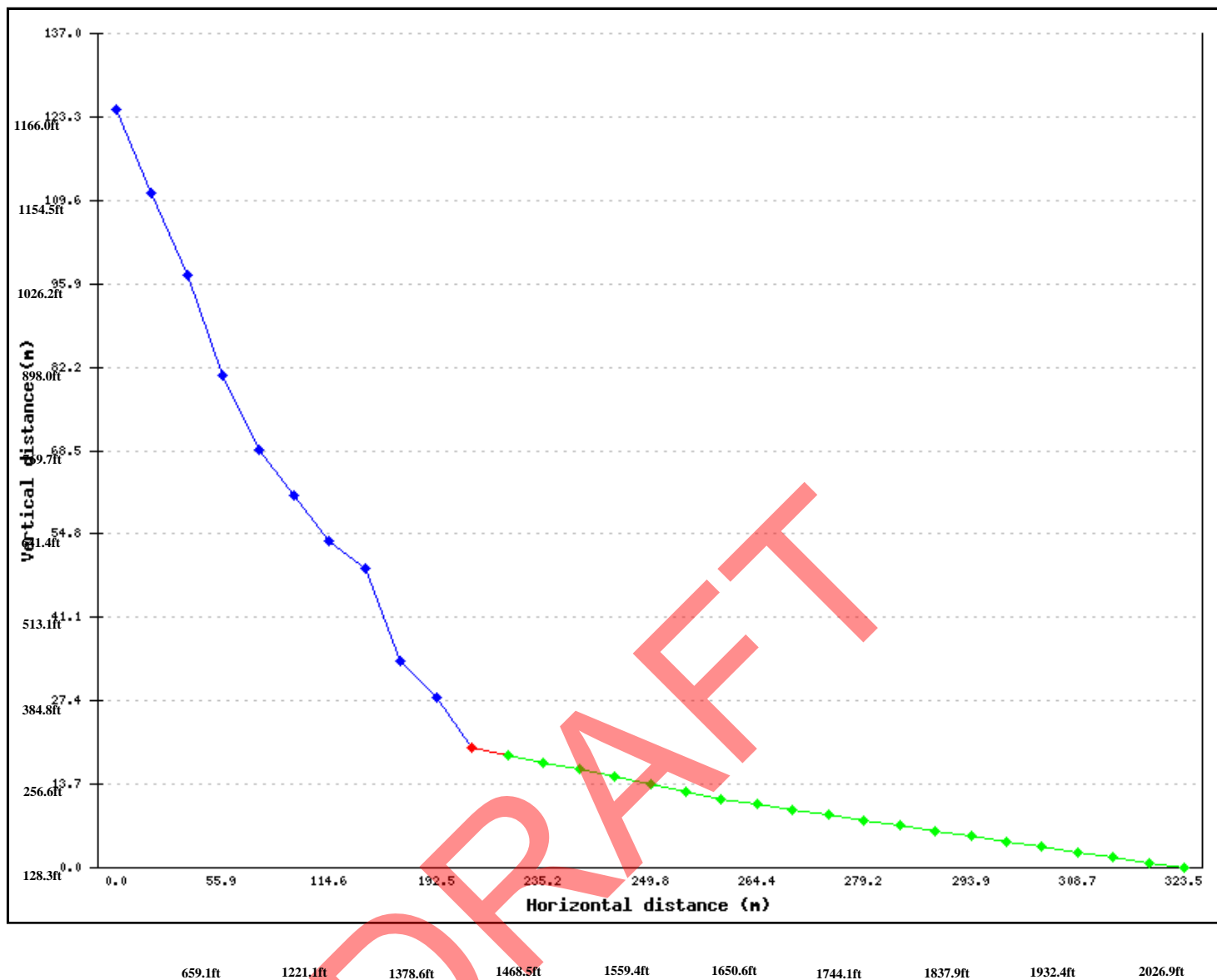
Schematic Plan View (using all reaches described in input data)

Reach widths have been multiplied by 10.



Schematic Cross-Section View (using all reaches described in input data)

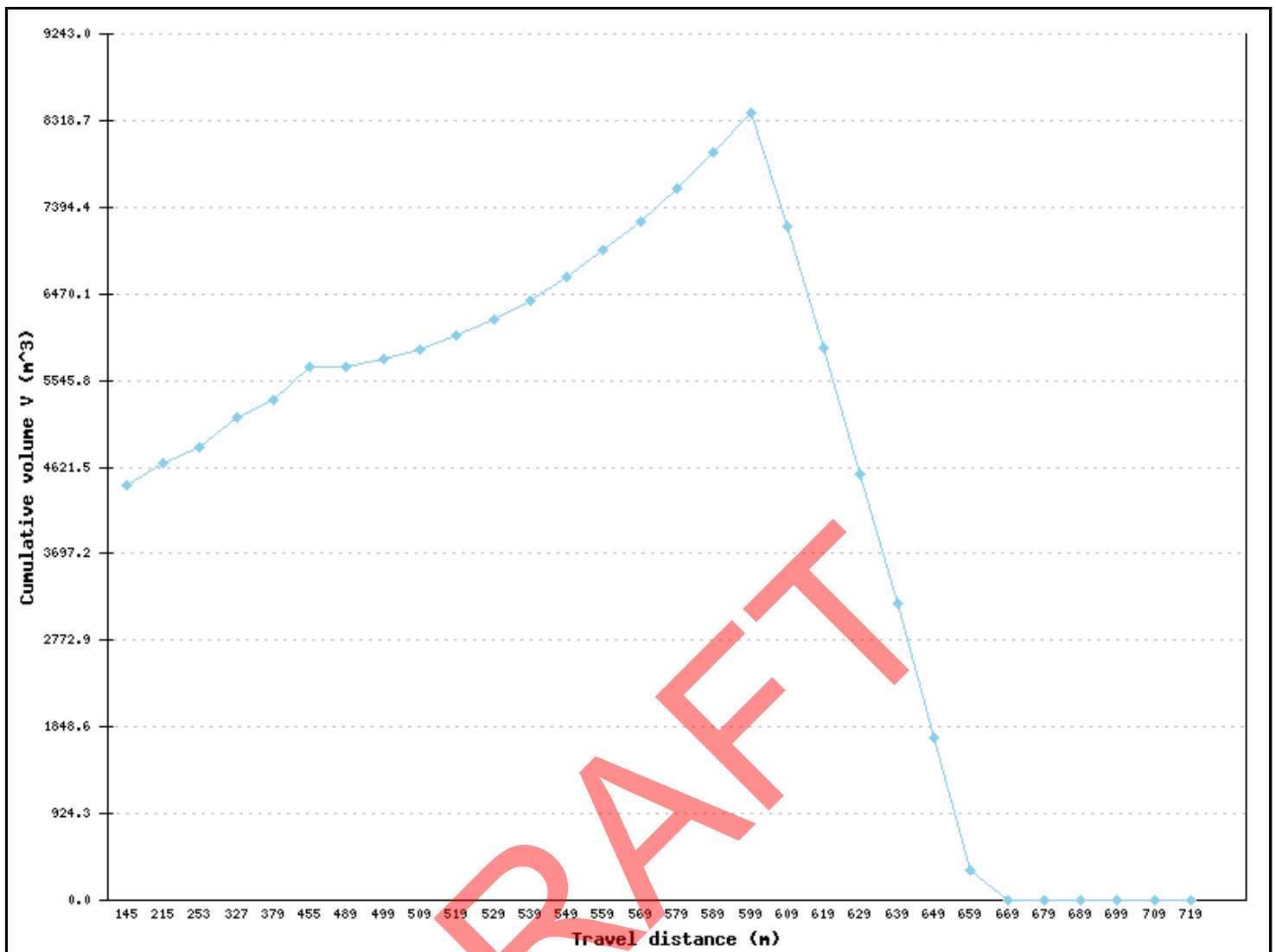
SMALL CHANNEL - CROSS-SECTION VIEW



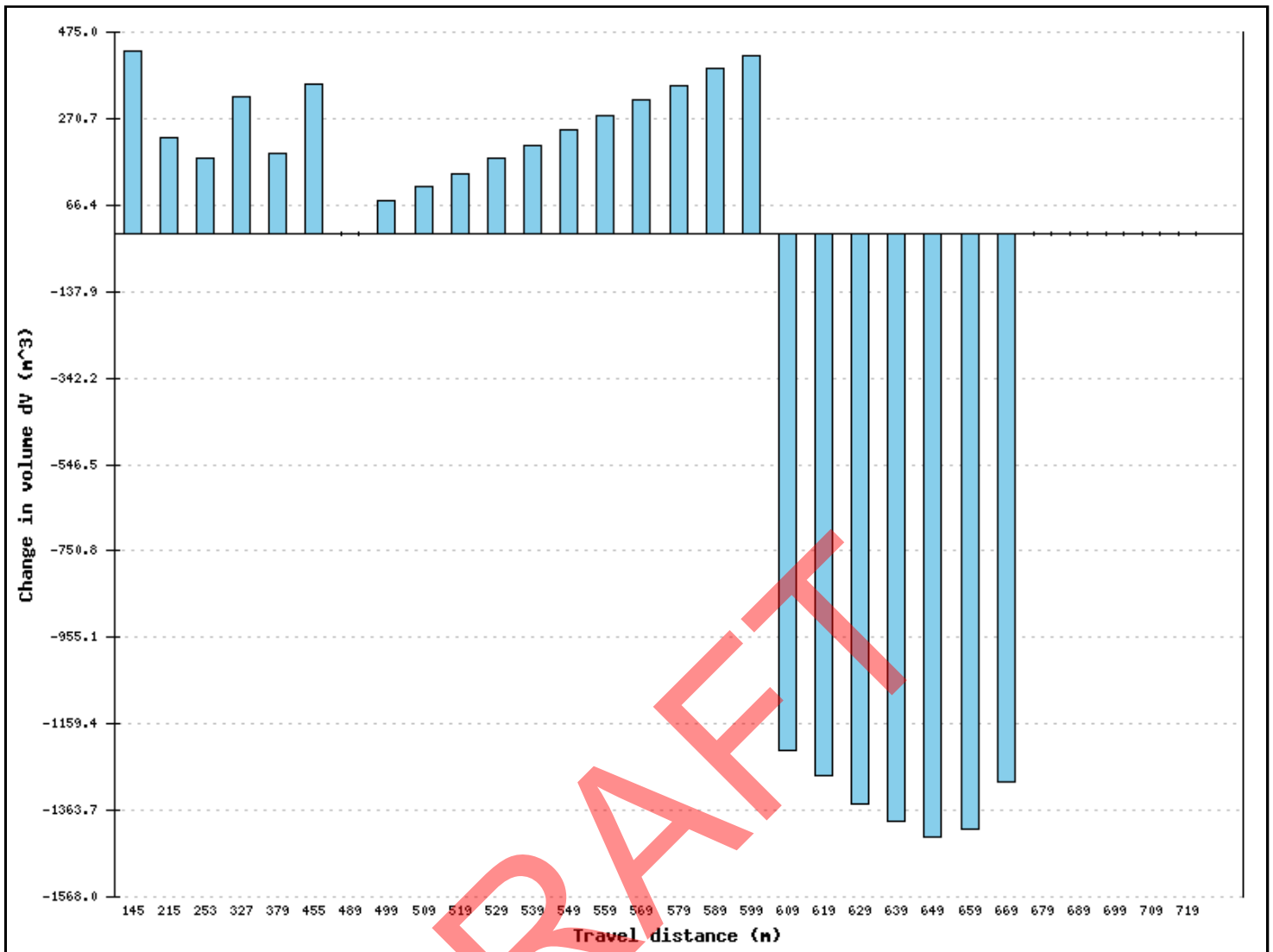


APPENDIX C

UBCDFLOW TRIBUTARY ANALYSIS RESULTS

TRIBUTARY RESULTS - 4000 M³ INITIAL VOLUME

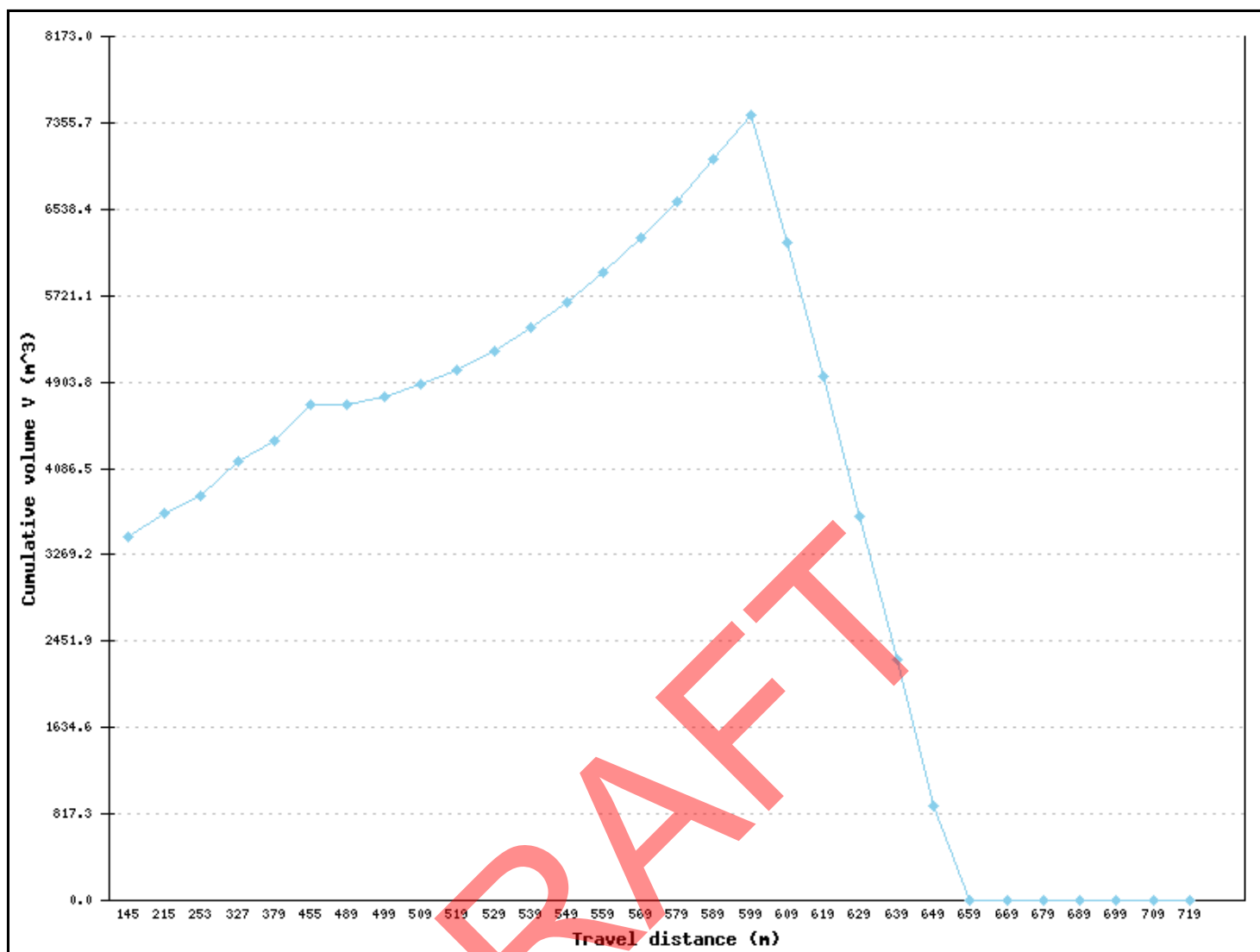
TRIBUTARY RESULTS - 4000 M³ INITIAL VOLUME



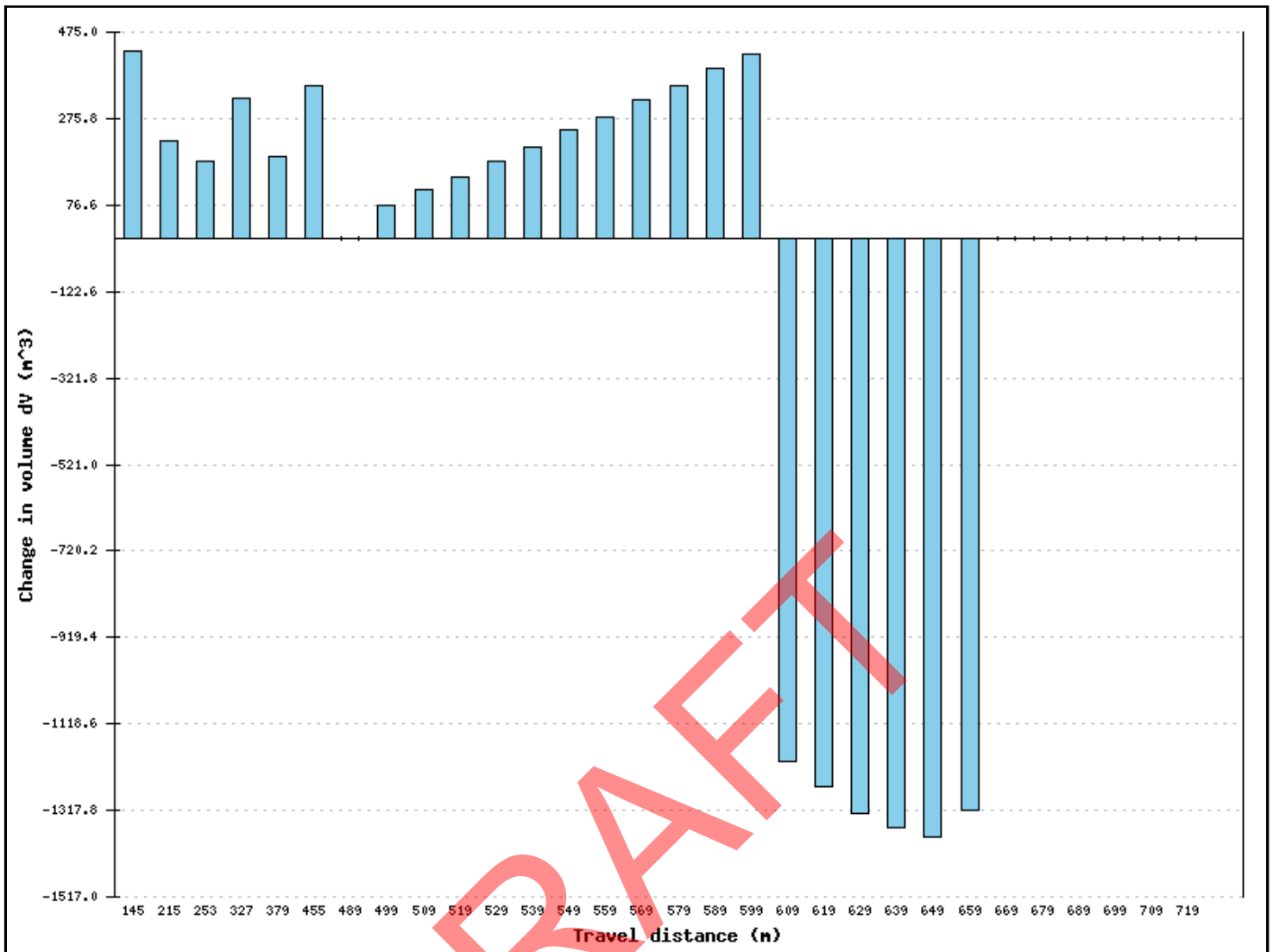
Reach	Travel distance (m)	dV (m^3)	V (m^3)
1	145.0	+431.5	4431.5
2	215.0	+224.5	4656.0
3	253.0	+176.5	4832.5
4	327.0	+321.5	5154.0
5	379.0	+189.5	5343.5
6	455.0	+351.5	5695.0
7	489.0	0.0	5695.0
8	499.0	+75.5	5770.0
9	509.0	+110.0	5880.0
10	519.0	+140.0	6020.5
11	529.0	+177.0	6197.0
12	539.0	+208.0	6405.0

TRIBUTARY RESULTS - 4000 M³ INITIAL VOLUME

13	549.0	+246.0	6651.0
14	559.0	+278.0	6928.5
15	569.0	+316.5	7245.0
16	579.0	+349.0	7594.0
17	589.0	+388.0	7982.0
18	599.0	+420.5	8402.5
19	609.0	-1221.0	7181.5
20	619.0	-1283.5	5898.5
21	629.0	-1350.5	4549.5
22	639.0	-1391.0	3160.0
23	649.0	-1427.0	1735.0
24	659.0	-1411.0	326.0
25	669.0	-1298.5	0.0
26	679.0	-	-
27	689.0	-	-
28	699.0	-	-
29	709.0	-	-
30	719.0	-	-

TRIBUTARY RESULTS - 3000 M³ INITIAL VOLUME

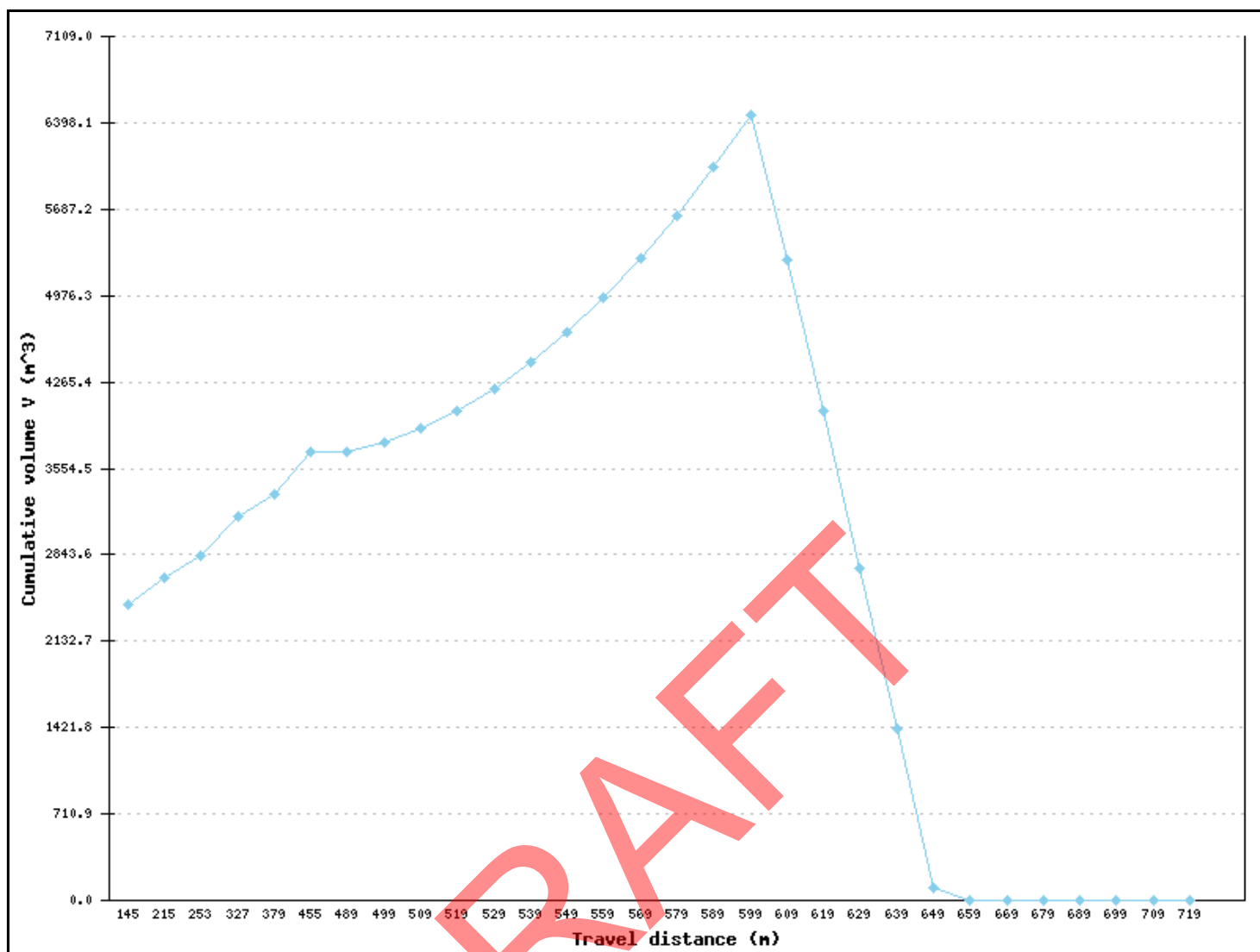
TRIBUTARY RESULTS - 3000 M³ INITIAL VOLUME



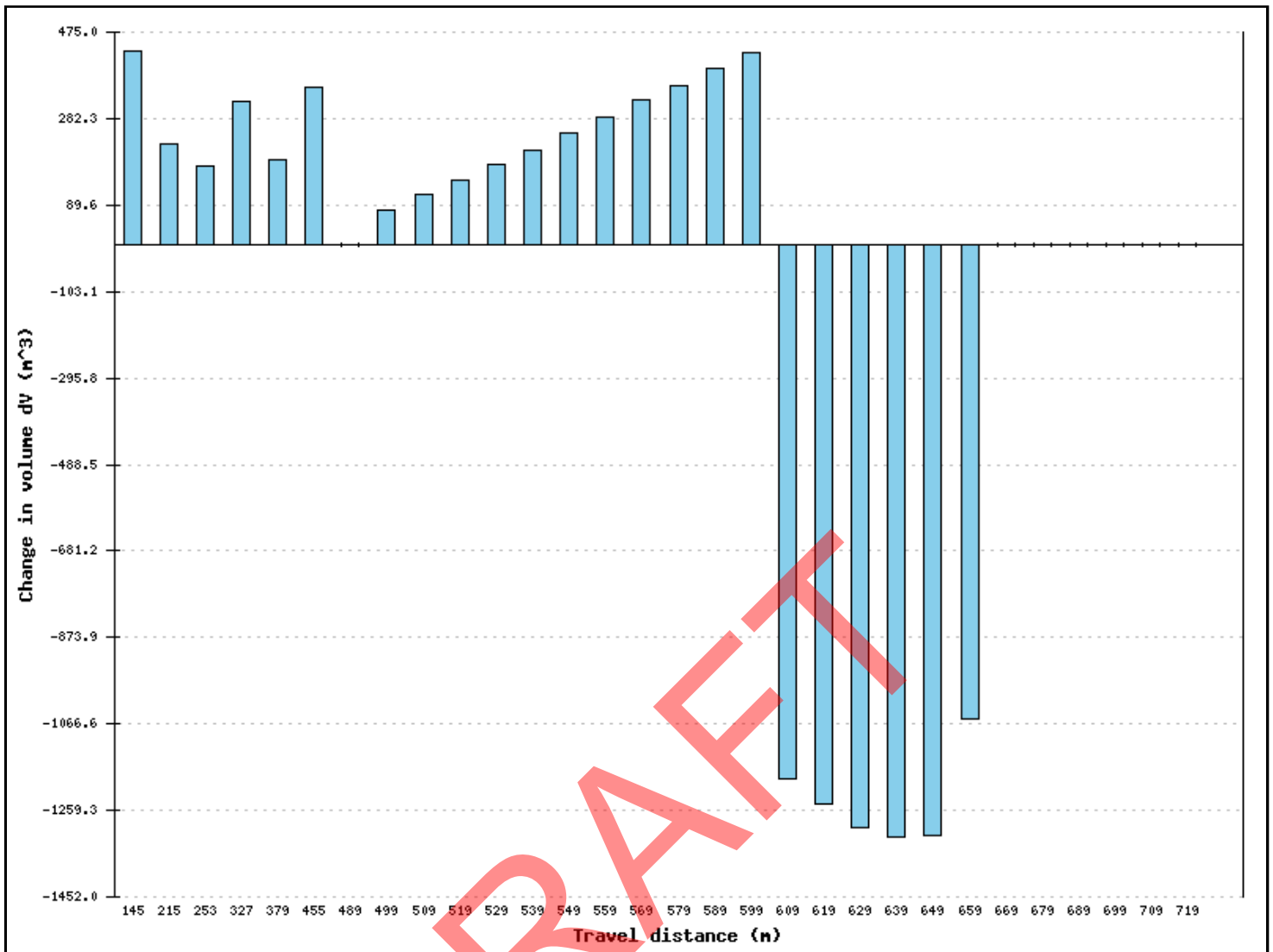
Reach	Travel distance (m)	dV (m ³)	V (m ³)
1	145.0	+431.5	3431.5
2	215.0	+224.5	3656.0
3	253.0	+176.5	3832.5
4	327.0	+321.5	4154.0
5	379.0	+189.5	4343.5
6	455.0	+351.5	4695.0
7	489.0	0.0	4695.0
8	499.0	+76.5	4771.0
9	509.0	+111.5	4882.5
10	519.0	+141.5	5024.0
11	529.0	+179.0	5203.0
12	539.0	+210.0	5413.5

TRIBUTARY RESULTS - 3000 M³ INITIAL VOLUME

13	549.0	+248.5	5662.0
14	559.0	+280.5	5942.5
15	569.0	+319.5	6262.0
16	579.0	+352.0	6614.0
17	589.0	+391.5	7005.5
18	599.0	+424.0	7429.5
19	609.0	-1206.0	6223.5
20	619.0	-1265.5	4959.5
21	629.0	-1326.0	3633.5
22	639.0	-1358.0	2275.5
23	649.0	-1379.5	896.5
24	659.0	-1320.0	0.0
25	669.0	-	-
26	679.0	-	-
27	689.0	-	-
28	699.0	-	-
29	709.0	-	-
30	719.0	-	-

TRIBUTARY RESULTS - 2000 M³ INITIAL VOLUME

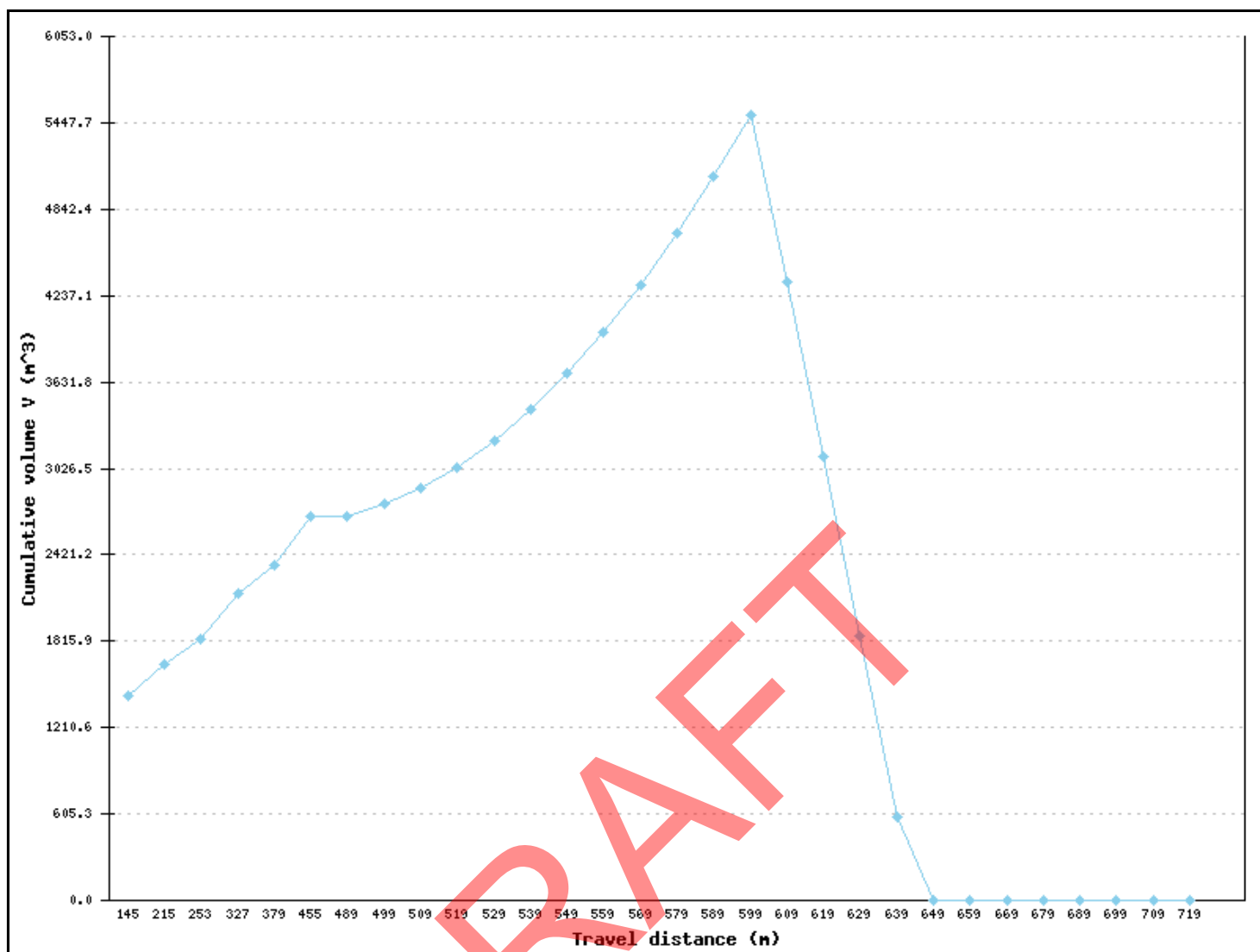
TRIBUTARY RESULTS - 2000 M³ INITIAL VOLUME



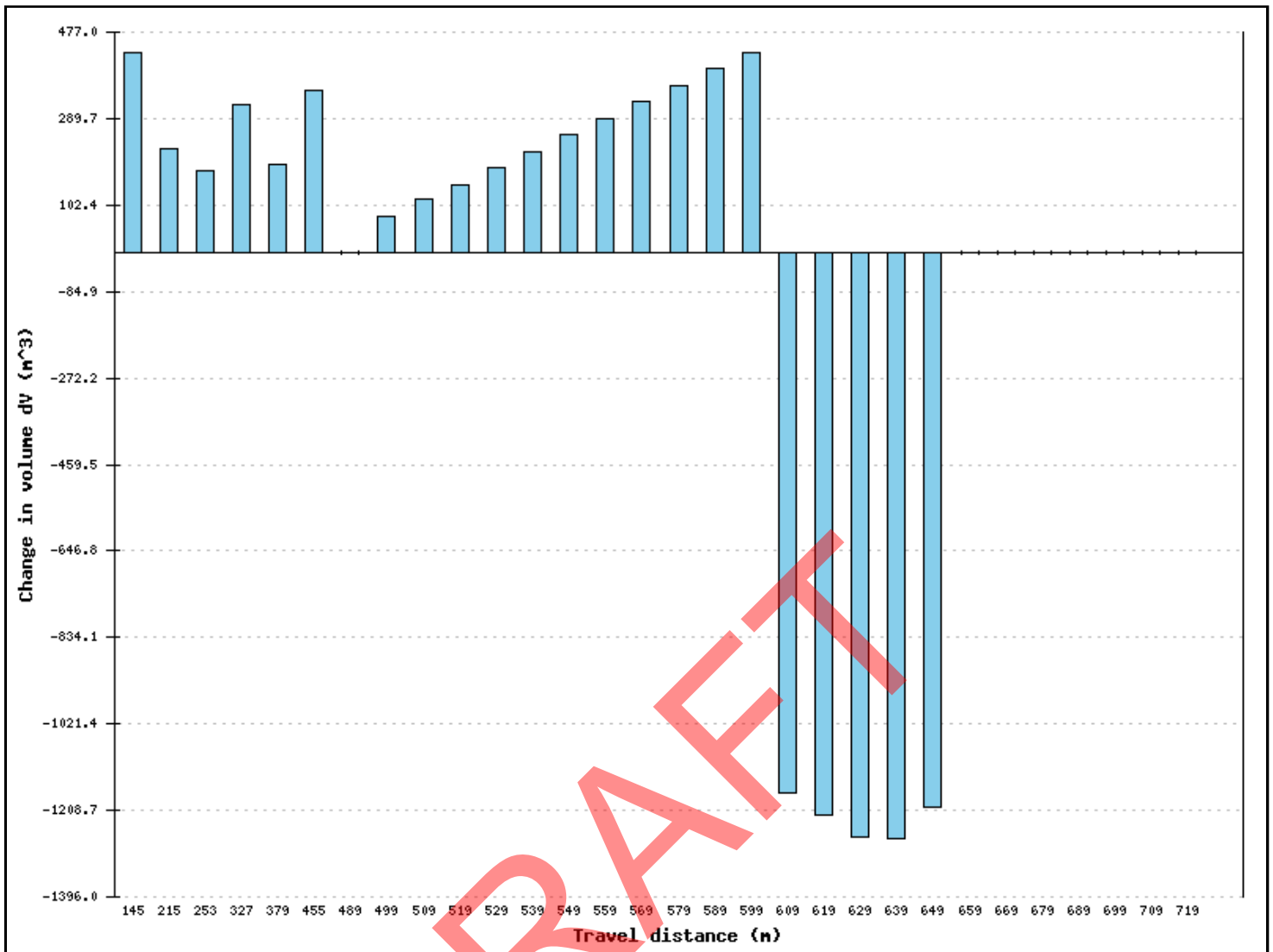
Reach	Travel distance (m)	dV (m^3)	V (m^3)
1	145.0	+431.5	2431.5
2	215.0	+224.5	2656.0
3	253.0	+176.5	2832.5
4	327.0	+321.5	3154.0
5	379.0	+189.5	3343.5
6	455.0	+351.5	3695.0
7	489.0	0.0	3695.0
8	499.0	+77.5	3772.0
9	509.0	+113.0	3885.5
10	519.0	+144.0	4029.0
11	529.0	+181.5	4210.5
12	539.0	+213.0	4423.5

TRIBUTARY RESULTS - 2000 M³ INITIAL VOLUME

13	549.0	+251.5	4675.5
14	559.0	+284.0	4959.5
15	569.0	+323.5	5282.5
16	579.0	+356.0	5638.5
17	589.0	+395.5	6034.0
18	599.0	+428.0	6462.0
19	609.0	-1191.0	5273.0
20	619.0	-1244.5	4029.5
21	629.0	-1299.5	2731.0
22	639.0	-1320.5	1412.0
23	649.0	-1314.0	98.0
24	659.0	-1056.0	0.0
25	669.0	-	-
26	679.0	-	-
27	689.0	-	-
28	699.0	-	-
29	709.0	-	-
30	719.0	-	-

TRIBUTARY RESULTS - 1000 M³ INITIAL VOLUME

TRIBUTARY RESULTS - 1000 M³ INITIAL VOLUME



Reach	Travel distance (m)	dV (m ³)	V (m ³)
1	145.0	+431.5	1431.5
2	215.0	+224.5	1656.0
3	253.0	+176.5	1832.5
4	327.0	+321.5	2154.0
5	379.0	+189.5	2343.5
6	455.0	+351.5	2695.0
7	489.0	0.0	2695.0
8	499.0	+79.0	2774.0
9	509.0	+115.5	2889.0
10	519.0	+146.5	3035.5
11	529.0	+184.5	3220.5
12	539.0	+217.0	3437.0

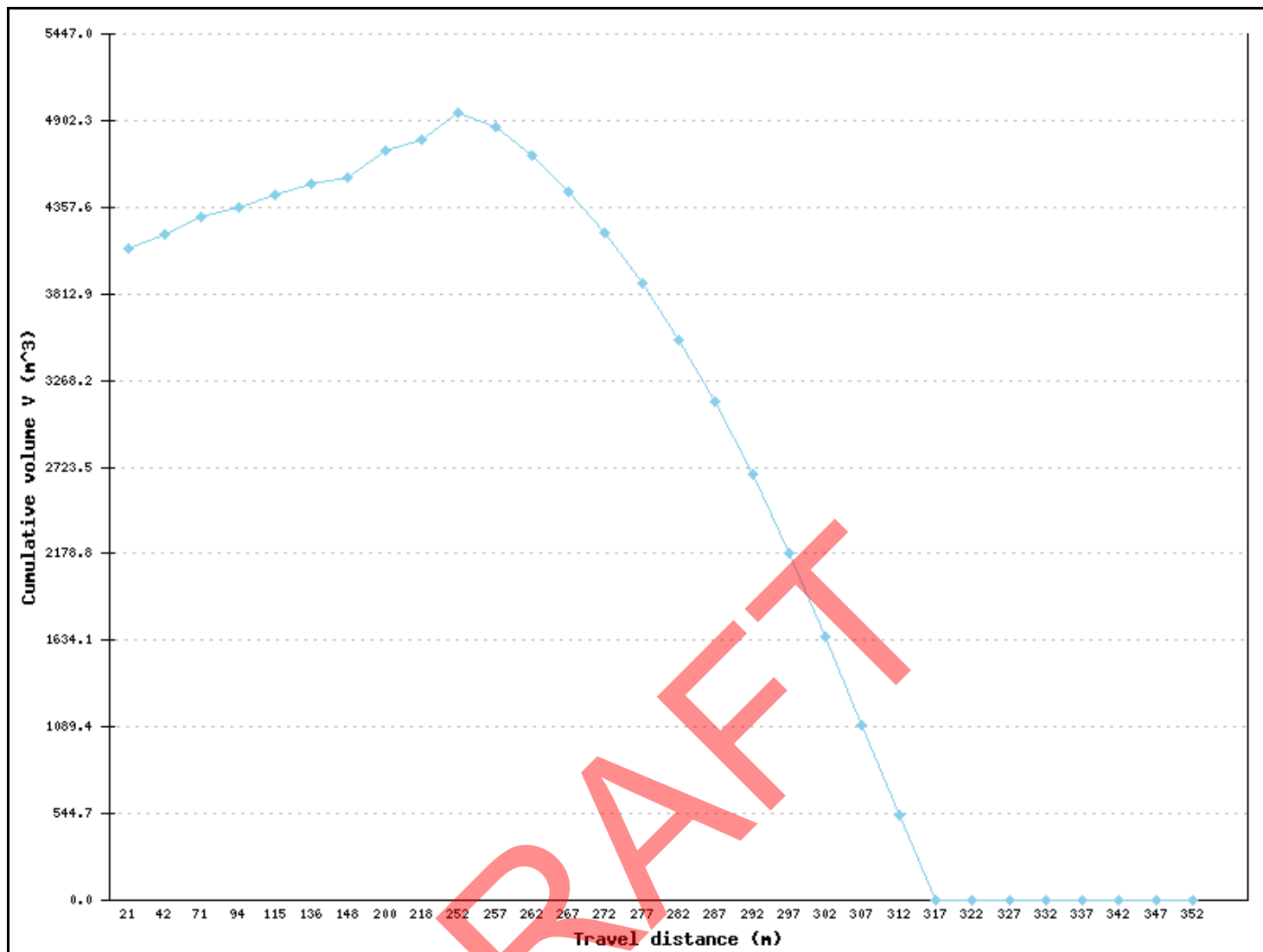
TRIBUTARY RESULTS - 1000 M³ INITIAL VOLUME

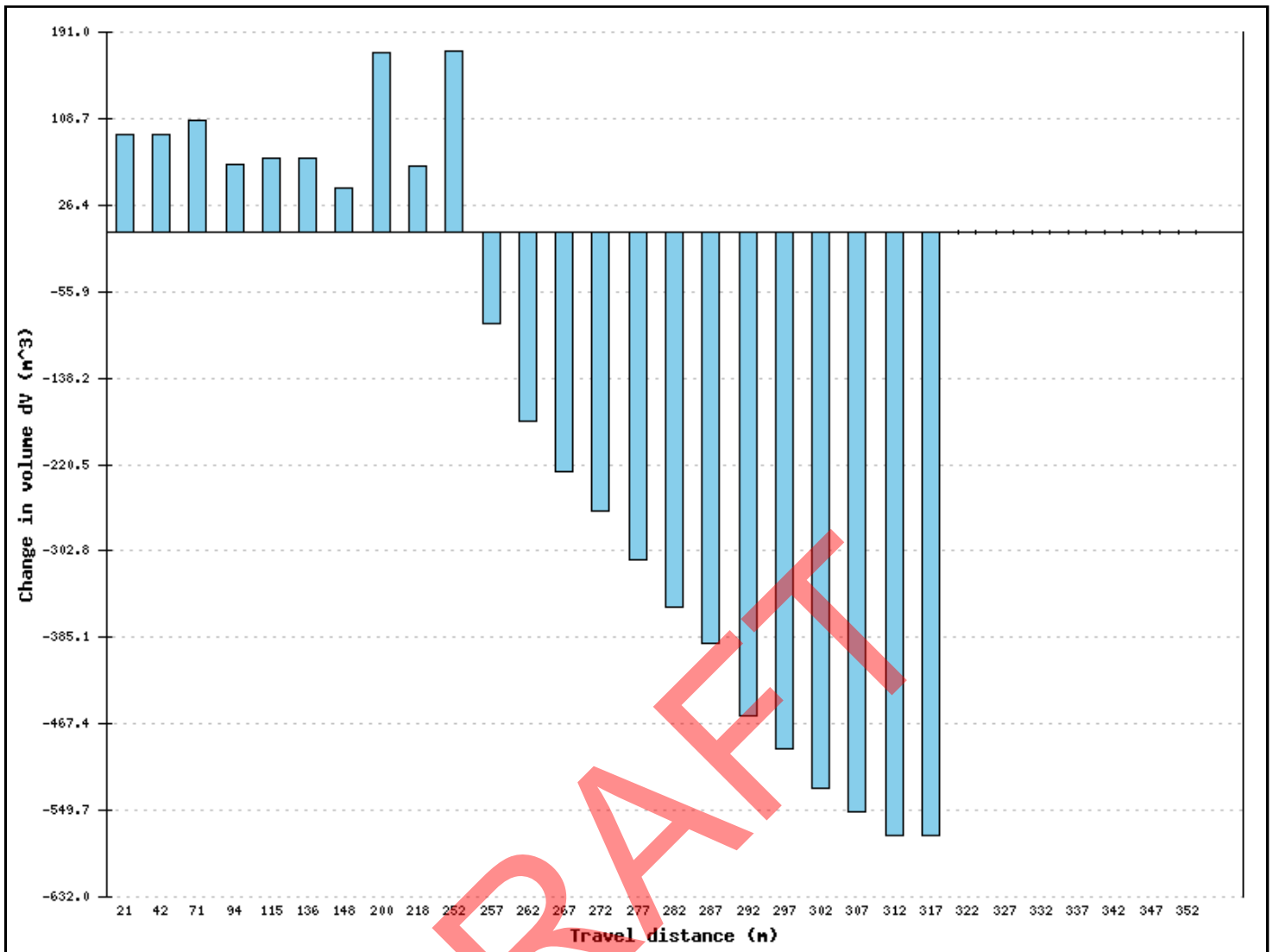
13	549.0	+256.0	3693.0
14	559.0	+288.5	3981.0
15	569.0	+328.0	4309.0
16	579.0	+360.5	4669.5
17	589.0	+400.0	5069.5
18	599.0	+433.0	5502.5
19	609.0	-1170.0	4332.5
20	619.0	-1219.0	3113.5
21	629.0	-1267.0	1848.5
22	639.0	-1269.5	580.5
23	649.0	-1201.0	0.0
24	659.0	-	-
25	669.0	-	-
26	679.0	-	-
27	689.0	-	-
28	699.0	-	-
29	709.0	-	-
30	719.0	-	-



APPENDIX D

**UBCDFLOW SMALL CHANNEL ANALYSIS
RESULTS**

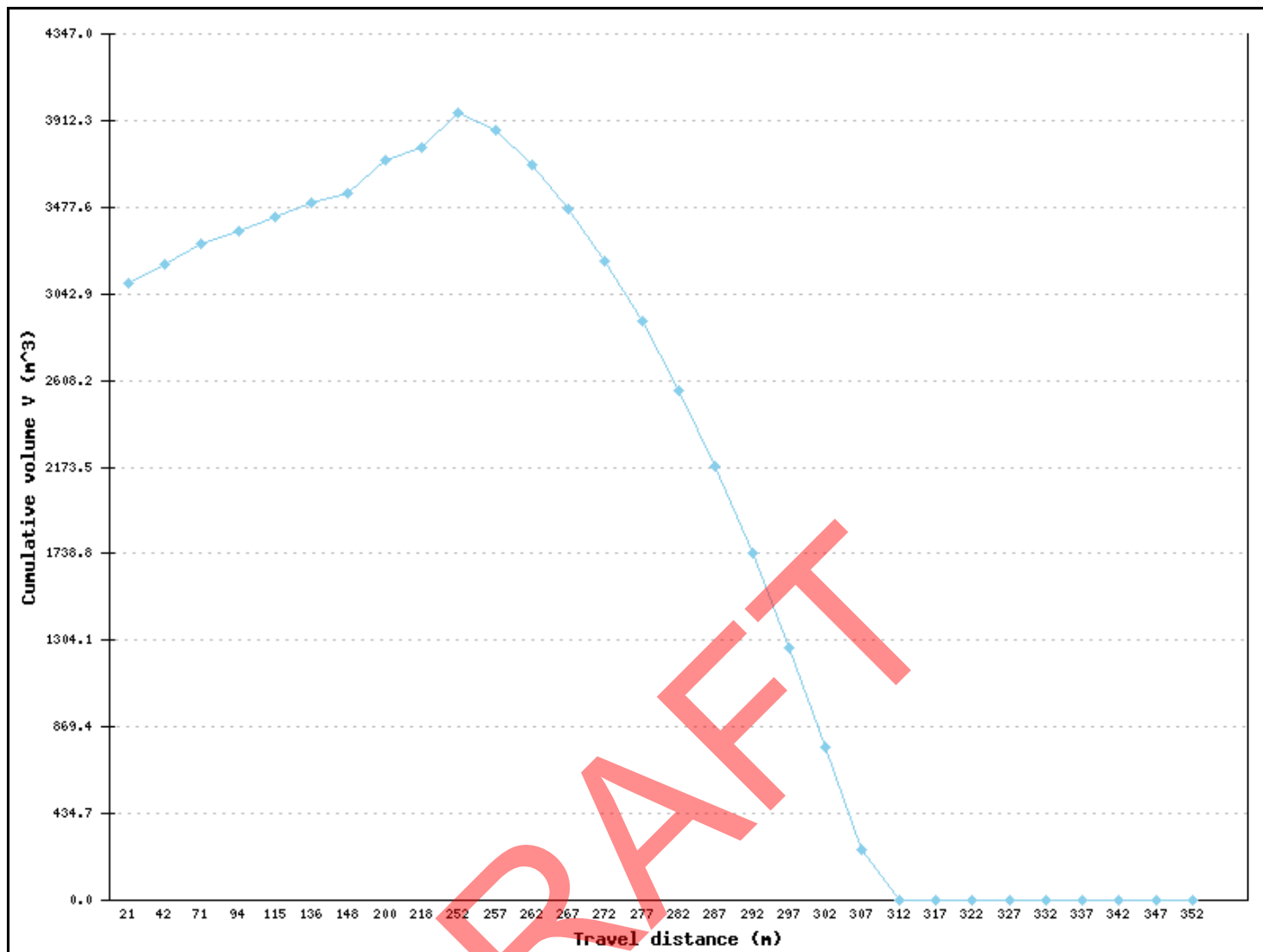
SMALL CHANNEL RESULTS - 4000 M³ INITIAL VOLUME

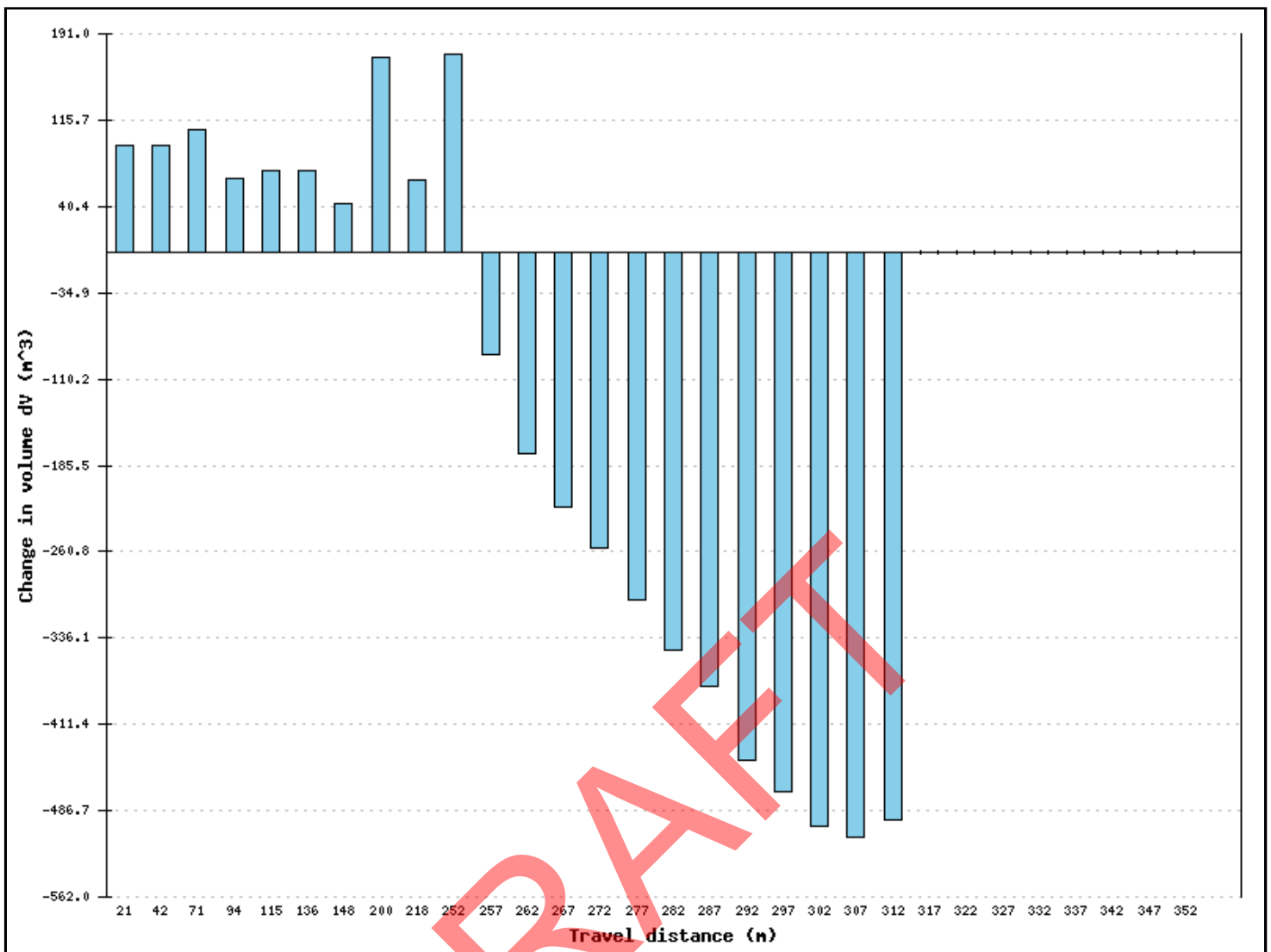
SMALL CHANNEL RESULTS - 4000 M³ INITIAL VOLUME

Reach	Travel distance (m)	dV (m ³)	V (m ³)
1	21.0	+94.0	4094.0
2	42.0	+94.0	4188.5
3	71.0	+107.0	4295.0
4	94.0	+64.5	4359.5
5	115.0	+71.0	4430.5
6	136.0	+71.0	4501.5
7	148.0	+42.5	4543.5
8	200.0	+171.0	4714.5
9	218.0	+64.0	4778.5
10	252.0	+173.0	4951.5
11	257.0	-89.0	4864.5
12	262.0	-179.0	4685.5

SMALL CHANNEL RESULTS - 4000 M³ INITIAL VOLUME

13	267.0	-229.0	4458.5
14	272.0	-265.5	4194.0
15	277.0	-313.0	3883.0
16	282.0	-357.5	3526.5
17	287.0	-391.5	3136.0
18	292.0	-461.0	2677.0
19	297.0	-492.5	2185.5
20	302.0	-531.0	1656.0
21	307.0	-552.5	1104.5
22	312.0	-574.0	531.0
23	317.0	-574.0	0.0
24	322.0	-	-
25	327.0	-	-
26	332.0	-	-
27	337.0	-	-
28	342.0	-	-
29	347.0	-	-
30	352.0	-	-

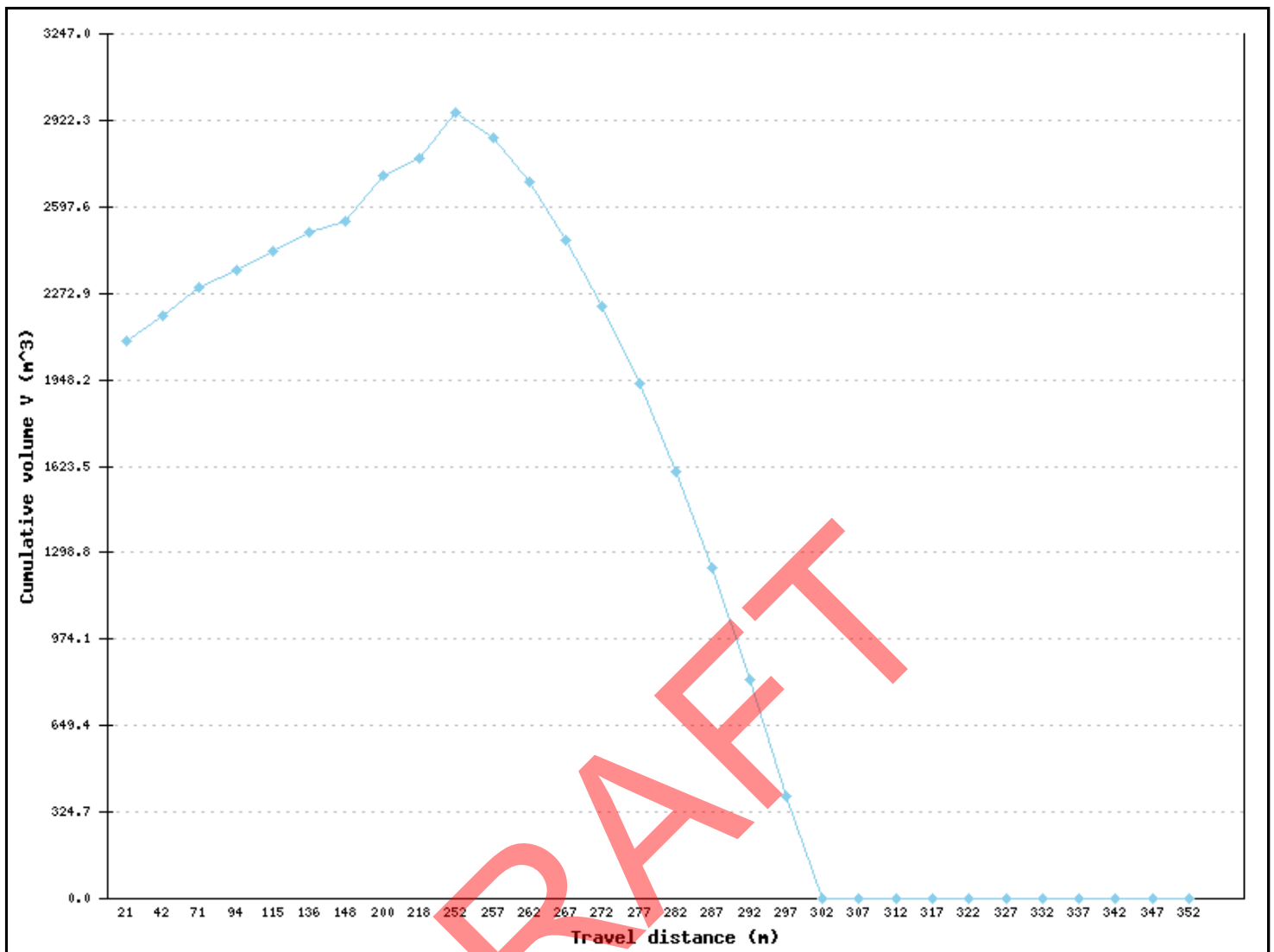


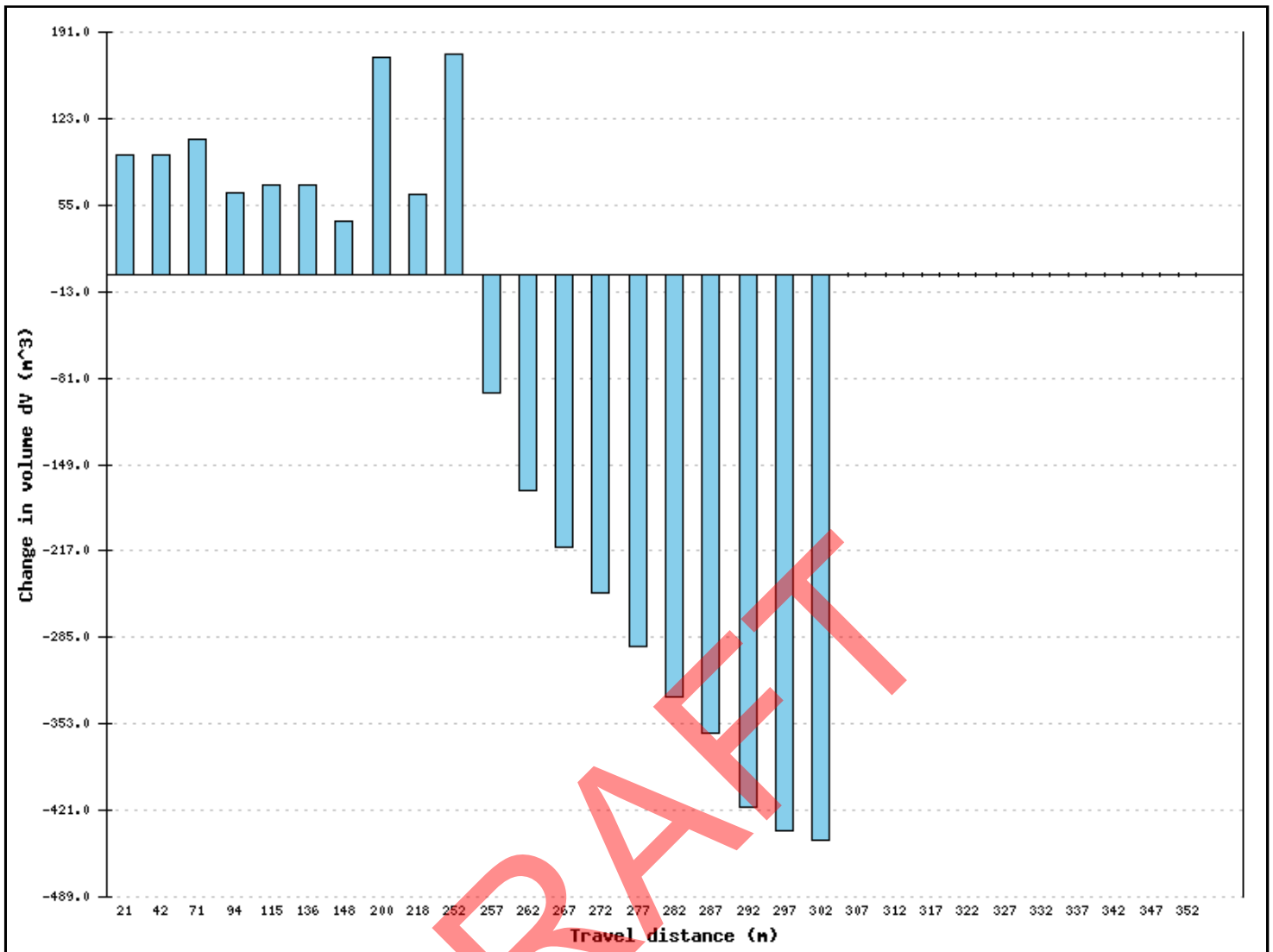
SMALL CHANNEL RESULTS - 3000 M³ INITIAL VOLUME

Reach	Travel distance (m)	dV (m ³)	V (m ³)
1	21.0	+94.0	3094.0
2	42.0	+94.0	3188.5
3	71.0	+107.0	3295.0
4	94.0	+64.5	3359.5
5	115.0	+71.0	3430.5
6	136.0	+71.0	3501.5
7	148.0	+42.5	3543.5
8	200.0	+171.0	3714.5
9	218.0	+64.0	3778.5
10	252.0	+173.0	3951.5
11	257.0	-90.5	3862.0
12	262.0	-175.5	3687.5

SMALL CHANNEL RESULTS - 3000 M³ INITIAL VOLUME

13	267.0	-222.5	3466.0
14	272.0	-260.0	3208.0
15	277.0	-303.0	2905.0
16	282.0	-348.0	2559.0
17	287.0	-380.0	2181.0
18	292.0	-443.5	1738.5
19	297.0	-471.5	1267.5
20	302.0	-501.0	767.0
21	307.0	-511.5	256.5
22	312.0	-497.0	0.0
23	317.0	-	-
24	322.0	-	-
25	327.0	-	-
26	332.0	-	-
27	337.0	-	-
28	342.0	-	-
29	347.0	-	-
30	352.0	-	-

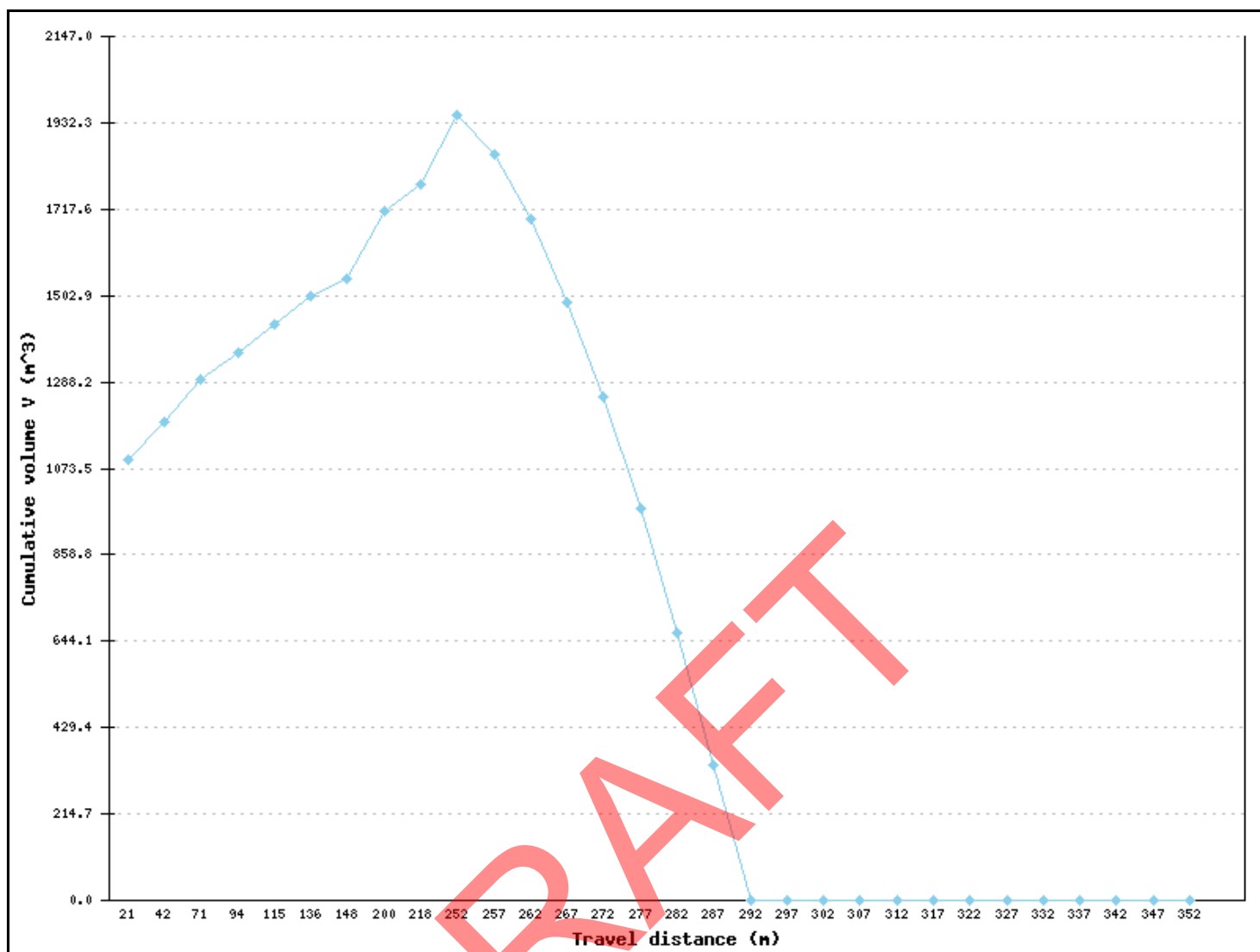
SMALL CHANNEL RESULTS - 2000 M³ INITIAL VOLUME

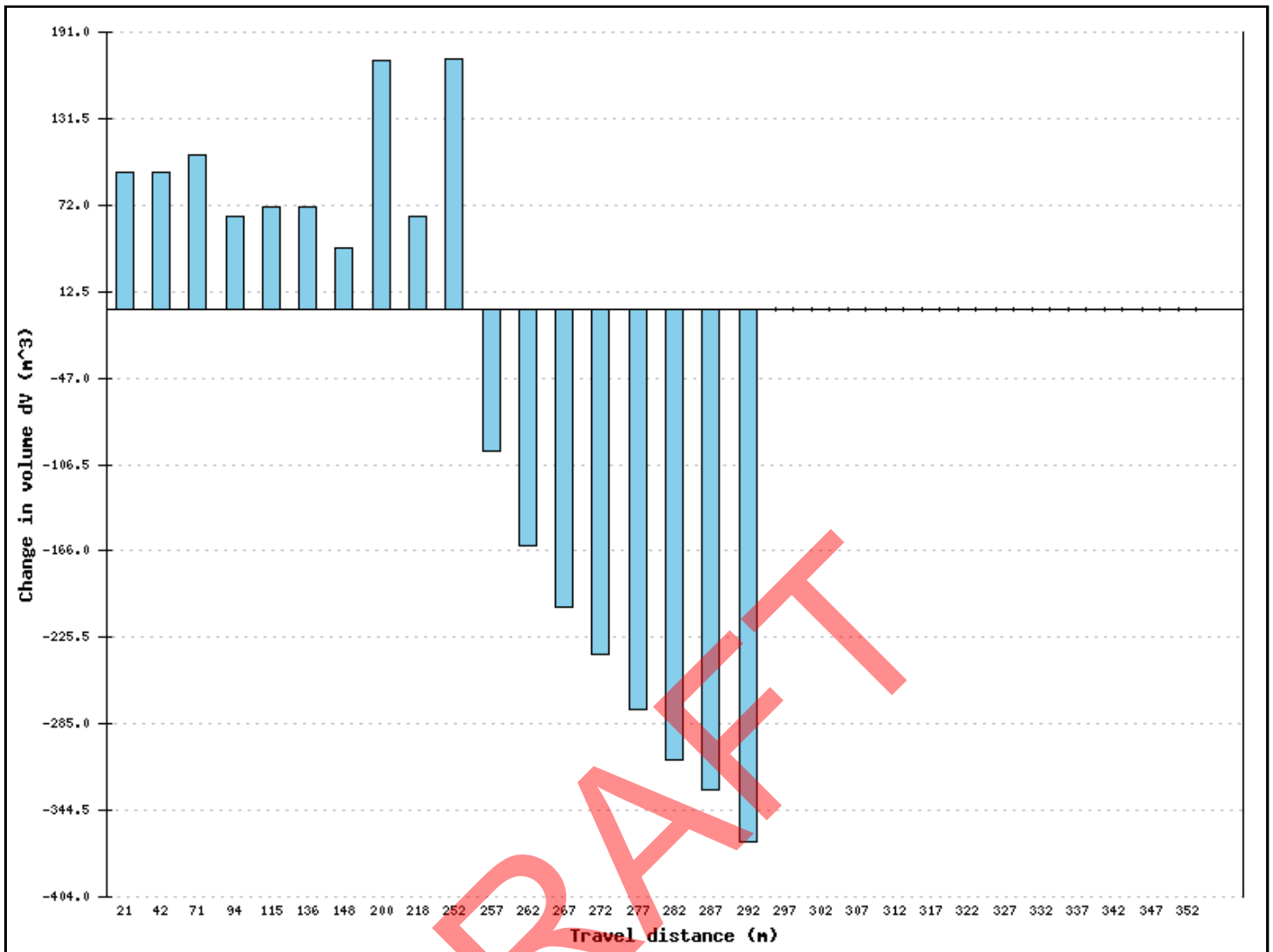
SMALL CHANNEL RESULTS - 2000 M³ INITIAL VOLUME

Reach	Travel distance (m)	dV (m ³)	V (m ³)
1	21.0	+94.0	2094.0
2	42.0	+94.0	2188.5
3	71.0	+107.0	2295.0
4	94.0	+64.5	2359.5
5	115.0	+71.0	2430.5
6	136.0	+71.0	2501.5
7	148.0	+42.5	2543.5
8	200.0	+171.0	2714.5
9	218.0	+64.0	2778.5
10	252.0	+173.0	2951.5
11	257.0	-93.5	2859.0
12	262.0	-170.5	2689.5

SMALL CHANNEL RESULTS - 2000 M³ INITIAL VOLUME

13	267.0	-215.5	2474.5
14	272.0	-250.5	2225.5
15	277.0	-292.0	1933.5
16	282.0	-334.0	1601.5
17	287.0	-361.5	1241.0
18	292.0	-420.0	822.5
19	297.0	-437.5	386.5
20	302.0	-446.0	0.0
21	307.0	-	-
22	312.0	-	-
23	317.0	-	-
24	322.0	-	-
25	327.0	-	-
26	332.0	-	-
27	337.0	-	-
28	342.0	-	-
29	347.0	-	-
30	352.0	-	-

SMALL CHANNEL RESULTS - 1000 M³ INITIAL VOLUME

SMALL CHANNEL RESULTS - 1000 M³ INITIAL VOLUME

Reach	Travel distance (m)	dV (m ³)	V (m ³)
1	21.0	+94.0	1094.0
2	42.0	+94.0	1188.5
3	71.0	+107.0	1295.0
4	94.0	+64.5	1359.5
5	115.0	+71.0	1430.5
6	136.0	+71.0	1501.5
7	148.0	+42.5	1543.5
8	200.0	+171.0	1714.5
9	218.0	+64.0	1778.5
10	252.0	+173.0	1951.5
11	257.0	-98.5	1854.0
12	262.0	-163.5	1692.0

SMALL CHANNEL RESULTS - 1000 M³ INITIAL VOLUME

13	267.0	-205.0	1487.0
14	272.0	-237.0	1250.0
15	277.0	-276.5	975.0
16	282.0	-310.0	665.0
17	287.0	-330.0	335.0
18	292.0	-367.5	0.0
19	297.0	-	-
20	302.0	-	-
21	307.0	-	-
22	312.0	-	-
23	317.0	-	-
24	322.0	-	-
25	327.0	-	-
26	332.0	-	-
27	337.0	-	-
28	342.0	-	-
29	347.0	-	-
30	352.0	-	-



CITY AND BOROUGH OF SITKA

Legislation Details

File #: 18-165 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/6/2018 In control: City and Borough Assembly

On agenda: 9/11/2018 Final action:

Title: Decision on whether to allow sales tax free day(s) following the Thanksgiving holiday and set date(s)

Sponsors:

Indexes:

Code sections:

Attachments: [Sales tax free days.pdf](#)

Date	Ver.	Action By	Action	Result
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Potential Sales Tax Free Days for 2018

Friday, November 23

Saturday, November 24



I MOVE to authorize ___date(s)___ as Sales Tax Free day(s) for 2018 noting the sales tax free day(s) will not be applicable to any sale of fuel, nor affect any sale which is part of a continuing obligation of the buyer to pay the seller over time.

4.09.020 Collection of tax.

A. The tax described in Section [4.09.010\(A\)](#) is imposed on the purchaser and must be collected by the seller and paid to the city and borough of Sitka by the seller as provided in Section [4.09.270](#). The seller holds all taxes collected in trust for the city and borough of Sitka. The tax must be applied to the sales price.

B. The assembly at their first meeting of September each year shall consider whether to authorize any sales tax free day(s) that have historically followed Thanksgiving. If authorized the sales tax free day(s) will not be applicable to any sale of fuel, nor affect any sale which is part of a continuing obligation of the buyer to pay the seller over time.

4.09.010 Levy of sales tax.

A. There is levied a consumer's sales tax on sales, rents, and leases made in the city and borough of Sitka. This tax applies to sales, rentals, and leases of tangible personal property; sales of services sold within the city and borough of Sitka; sales of services performed wholly or partially within the city and borough of Sitka when the provision of such services originates or terminates within the city and borough of Sitka; and rentals and leases of real property located within the city and borough of Sitka. Notwithstanding any provision of law, air or sea charter services, provided a person or entity in the business of providing such charter services, are exempt from sales tax by the city and borough of Sitka if the charter does not commence and end within the city and borough of Sitka.

B. The rate of levy of the sales tax levied under subsection A of this section is five percent on sales made during the months of October, November, December, January, February, and March. The rate of levy of the sales tax levied under subsection A of this section is six percent on sales made during the months of April, May, June, July, August, and September.¹

C. A flat rate of ten dollars per fish box shall be levied on the packaged fish and/or seafood caught or taken and retained by fish charter customers as part of the fish charter. This tax shall be paid by the fish charter customer, collected by whoever packages the fish and/or seafood caught or taken by the fish charter customer, and is in addition to any sales tax paid based on the cost of the charter. This tax is effective January 1, 2007. For purposes of this subsection, a "fish box" means any packaging by a fish charter operator or processor of fish and/or seafood caught or taken as part of the charter by a fish charter customer. The sales tax collected from this levy on fish boxes shall be deposited by the finance director in the following funds in the following ratios:

1. Thirty percent in the harbor fund;
2. Thirty percent in a fisheries enhancement fund, available to be used for any fisheries enhancement proposal upon approval of the proposal by the assembly; and
3. Forty percent in the general fund.

D. Except as provided in subsection C of this section, all moneys accumulated under the terms of this chapter shall be deposited by the finance director in the general fund of the city and borough of Sitka and shall be used for the general operating expenses of the city and borough of Sitka in such a proportion as deemed advisable from time to time by the assembly.