



# 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*

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Tuesday, September 25, 2018

6:00 PM

Assembly Chambers

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#### REGULAR MEETING

I. CALL TO ORDER

II. FLAG SALUTE

III. ROLL CALL

IV. CORRESPONDENCE/AGENDA CHANGES

[18-182](#) Reminders, Calendars and General Correspondence

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

V. CEREMONIAL MATTERS

[18-177](#) Proclamation - Domestic Violence Awareness Month

Attachments: [Proclamation.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)

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**     [18-180](#)     Approve the minutes of the August 28, September 11, and September 13 Assembly meetings

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

- B**     [RES 18-19](#)     Supporting the Alaska Salmon Hatchery Program

**Attachments:** [Motion and Res 2018-19.pdf](#)

- C**     [RES 18-20](#)     Supporting the Sitka Trail Works, Inc. grant application to the State of Alaska Recreational Trails Program for repairs to the Sea Lion Cove Trail

**Attachments:** [Motion Memo and Res 2018-20.pdf](#)

**X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

- D**     [18-179](#)     Appoint Charlie Woodcock to an unexpired term on the Health Needs and Human Services Commission and appoint Vaughn A. Morrison to a two-year term on the Gary Paxton Industrial Park Board of Directors

**Attachments:** [Motion appointments.pdf](#)

[Woodcock Application.pdf](#)

[Morrison Application.pdf](#)

**XI. UNFINISHED BUSINESS:**

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

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

[GPIP Port Tariff No. 3.pdf](#)

- F**     [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](#)

- G**      [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 (second and final reading)  
**Attachments:** [Motion and Memo Ord 2018-45.pdf](#)  
[Ord 2018-45 Airport Bond.pdf](#)
- H**      [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 (second and final reading)  
**Attachments:** [Motion and Memo Ord 2018-46.pdf](#)  
[Documents from Public Works.pdf](#)  
[Ord 2018-46 Crescent Harbor Bond.pdf](#)
- I**      [ORD 18-43](#)      Making Supplemental Appropriations for Fiscal Year 2018 (Personnel PERS, Solid Waste Fund Operations, MIS Operations) 1st reading  
**Attachments:** [Motion and Ord 2018-43.pdf](#)
- J**      [ORD 18-44](#)      Making Supplemental Appropriations for Fiscal Year 2019 (Legal Department - Legal Fees) 1st reading  
**Attachments:** [Motion and Ord 2018-44.pdf](#)
- K**      [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 (second and final reading)  
**Attachments:** [Motion and Ord 2018-47.pdf](#)  
[Health Needs Resolution of Support.pdf](#)

- L**      [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) second and final reading

**Attachments:** [Motion and Ord 2018-41.pdf](#)

[Minutes August 14.pdf](#)

[Minutes August 30.pdf](#)

- M**      [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](#)

- N**      [18-176](#)      Update from the Municipal Attorney on the Nugget Restaurant Lease

**Attachments:** [Update Nugget.pdf](#)

[July 24 Minutes Nugget.pdf](#)

**XII.      NEW BUSINESS:**

- O**      [18-181](#)      Discussion / Direction / Decision of the Administrator's annual recommended transfer to the Public Infrastructure Sinking fund

**Attachments:** [Motion and Memo Transfer.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**

- P**      [18-178](#)      Legal matter: contract with the Greater Sitka Chamber of Commerce to provide Convention and Visitor Bureau Services

**Attachments:** [Motion exec sess and July 10 minutes.pdf](#)

**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 21*





# CITY AND BOROUGH OF SITKA

## Legislation Details

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**File #:** 18-182      **Version:** 1      **Name:**  
**Type:** Item      **Status:** AGENDA READY  
**File created:** 9/21/2018      **In control:** City and Borough Assembly  
**On agenda:** 9/25/2018      **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**

<b><u>DATE</u></b>	<b><u>EVENT</u></b>	<b><u>TIME</u></b>
Tuesday, September 25	Regular Meeting	6:00 PM
Thursday, September 27	Special Meeting: Letter of Intent with SEARHC	6:00 PM
Thursday, October 4	Special Meeting: Appeal	6:00 PM
Tuesday, October 9	Regular Meeting	6:00 PM



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



# 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 <u>Sep</u>	1 <u>Oct</u>	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
		Knox 12:00pm Parks & Rec 6:00pm Regular Assembly Mtg	6:00pm Historic Preservation 6:15pm Port & Harbors Commission	12:00pm LEPC 1:30pm 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 <u>Nov</u>	2	3
				12:00pm SEDA Board Meeting	Eisenbeisz	Eisenbeisz



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 18-177      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 9/17/2018      In control: City and Borough Assembly

On agenda: 9/25/2018      Final action:

Title: Proclamation - Domestic Violence Awareness Month

Sponsors:

Indexes:

Code sections:

Attachments: [Proclamation.pdf](#)

Date	Ver.	Action By	Action	Result
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OFFICE OF THE MAYOR  
City & Borough of Sitka

# Proclamation

## RECOGNIZING DOMESTIC VIOLENCE AWARENESS MONTH

**Whereas**, anyone can be a victim of domestic violence regardless of age, gender, race, ethnicity, sexual orientation, national origin, socioeconomic status, and the presence of a behavioral, mental, or physical disability;

**Whereas**, when a family member is abused, it can have long-term damaging effects on the victim that also leave a mark on family, friends, and the community at large;

**Whereas**, violence against women and children is a prevalent social ill due to the historical imbalance of power in gender and age; however, intimate partner violence is widespread and devastating to society as a whole;

**Whereas**, the crime of domestic violence violates an individual's privacy, dignity, security, and humanity due to the systematic and often long-lasting use of physical, emotional, sexual, psychological, and economic control or abuse;

**Whereas**, domestic violence can have a severe economic impact on victim and community, from increased health care costs to workplace safety and productivity;


**Whereas**, one in four women who reside in Sitka have experienced intimate partner violence;

**Whereas**, it is important to recognize the compassion and dedication of the individuals and agencies who provide services to victims of intimate partner violence and work to increase public understanding of this significant problem;

**Therefore**, the Assembly of the City and Borough of Sitka hereby proclaims the month of October as Domestic Violence Awareness Month, urges all citizens to acknowledge that domestic violence exists in Sitka, and pledges to become an ally in fighting this societal problem.

*Signed and sealed on this 25<sup>th</sup> day of September, 2018.*



  
Matthew Hunter, Mayor

ATTEST:

  
Sara Peterson, MMC  
Municipal Clerk



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 18-180      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 9/17/2018      In control: City and Borough Assembly

On agenda: 9/25/2018      Final action:

Title: Approve the minutes of the August 28, September 11, and September 13 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**

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**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 28, September 11, and September 13  
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*

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Tuesday, August 28, 2018

6:00 PM

Assembly Chambers

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#### REGULAR MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

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

Telephonic: 1 - Eisenbeisz

#### IV. CORRESPONDENCE/AGENDA CHANGES

None.

#### 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

Chris Brewton requested the Assembly consider amending Title 6 Chapter 16 (sales on public property) to allow for the sale of the local newspaper at Harrigan Centennial Hall.

Diane Larson believed the hour and a half discussion on the smoking exemption

ordinance at the August 14 meeting was a good use of time.

Leah Murphy, Iris Nash, and Sharon Sullivan introduced and spoke in support of a newly formed non-profit in Sitka named Sitka Nest. Murphy noted its mission was to nurture, power, and transform birth in Sitka.

Dr. Babb reported a 7% c-section rate at SEARHC, below the national average.

## VIII. REPORTS

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

None.

## IX. CONSENT AGENDA

None.

## X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS

None.

## XI. UNFINISHED BUSINESS:

None.

## XII. NEW BUSINESS:

### A 18-155

Discussion/Decision to select a proposer to move forward to phase 3 of the Sitka Community Hospital RFP process

Mayor Hunter recognized this process had not been easy for the community or the Assembly. He spoke to a recent letter to the editor in which potential conflicts were raised with regards to his involvement. He stated it was important to disclose potential or perceived conflicts of interest and told of his family and girlfriend's employment over the years at SEARHC and Sitka Community Hospital (SCH). Municipal Attorney Brian Hanson relayed, he had discussed potential conflicts of interest as much as two years ago. Hanson had done extensive research, read legal opinions of past municipal attorneys, and did not believe there to be a conflict. He reminded the Assembly a few years ago had not found Hunter to have a conflict and had sat in the deliberative process for years on this issue. Potrzuski relayed he and his wife would be relocating after his term was concluded. He had spoke with legal counsel and determined there was no conflict of interest that would preclude him from participating.

SCH RFP Consultants, Steve Huebner and Sarah Cave reviewed the phases of the affiliation process; RFP process and timeline; the Assembly's prioritized goals of affiliation; and reviewed community input received on the proposals at the August 20 Town Hall Meeting. Huebner stated the purpose of tonight's meeting was to select one proposer to move to phase 3 of the affiliation process which would in turn lead to the negotiation of a letter of intent, due diligence efforts, and further negotiaion of the terms of a definitive agreement.



Public Testimony

Speaking in support of the motion to select SEARHC was Dr. Loren Laybourn, Dr. David Brown, Dr. Thorwood, Heleen Van Veen, Dr. John Baciocco, Martha Pearson, Elisia Miller, Andrea Thomas, Maxine Duncan, Sherri Aitken, Bill Ward, Dr. Terry Babb, Tracy Gale, Chris Wolfe, Wade Parrish, Kathy Miller, Amanda Roberts, Dr. Kimberly Kapp, Blossom Twitchell, Kelly Williamson, Marcia Scott, and Janet Eddy.

Speaking in opposition to moving forward with the SEARHC proposal was Valorie Nelson, Kevin Mosher, Nancy Blatchley Davis, Rich Phillips, Karen Lucas, Claudia Lecesce, Mike Trainor, Lois Rhodes, Liz Ellingsen, William Craig, John Holst, Dr. Marilyn Corruzi, Jason Bernal, Pat Alexander, Maybelle Filler, and Sheila Finkenbinder.

Sharon Sullivan, Natalie Love, Diane Larsen, and Vaughn Hazel urged the Assembly to proceed cautiously and conduct due diligence. David Sam told the Assembly to reject all proposals and see which organization survived. Charles Bingham preferred to have two healthcare options, however, stated he saw the economic writing on the wall. Lucy Phillips expressed concern for the businesses White's Pharmacy and Harry Race Pharmacy. City and Borough of Wrangell (CBW) Manager Lisa Von Barga shared CBW and SEARHC were transitioning into the end stage of the process that would lead to a healthcare solution for Wrangell. She encouraged the Assembly to let the success in Wrangell be the bar Sitka aspired to in consideration of a partnership with SEARHC. SCH CEO Rob Allen stressed the importance of a decision being made and offered SCH was stable for the next two to three years. SCH Director of Operations Steve Hartford, believed the Hospital was in a good position to succeed and urged the Assembly to continue to build its success.

Assembly Deliberation

Potrzuski stated the issue was about economics and believed the community could do better. Bean agreed and could not support a "status quo" decision. Hunter agreed "status quo" was unsustainable, believed quality and scope of care for Sitkans was critical, and jobs for those at SCH were important. Eisenbeisz believed SCH had three to five years left but that SEARHC would eventually cause SCH to go out of business. He felt it was his duty, as an Assembly member, to look out for the best interests of the community and therefore would vote in support of the SEARHC proposal. Knox spoke to the difficulty of the decision and reminded it was not as black and white as some citizens had alluded to. He did not believe two hospitals could thrive in Sitka, and it was imperative Sitka thrive. He spoke in support of the SEARHC proposal and reminded a role of an elected official was at times making extremely difficult decisions. Miyasato stated the municipality could not afford a fiscal catastrophe. Wein offered there were two aspects to be considered - one of healthcare and the other economic. He believed there to be a number of questions that had not been answered and that it was an impossibility to move forward.

**A motion was made by Potrzuski to select SEARHC to move forward to phase 3 of the Sitka Community Hospital RFP process. The motion PASSED by the following vote.**

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

**No:** 1 - Wein

**XIII. PERSONS TO BE HEARD:**

None.

**XIV. EXECUTIVE SESSION**

None.

**XV. ADJOURNMENT**

A motion was made by Miyasato to ADJOURN. Hearing no objections, the meeting ADJOURNED at 10:25pm.

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*

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Tuesday, September 11, 2018

6:00 PM

Assembly Chambers

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#### REGULAR MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

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

Telephonic: 2 - Potrzuski, and Wein

#### IV. CORRESPONDENCE/AGENDA CHANGES

18-173 Reminders, Calendars and General Correspondence

#### V. CEREMONIAL MATTERS

18-162 Service Award - Dale Williams

Mr. Williams was not present, however, Mayor Hunter thanked him for his service on the Police and Fire 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)

18-168 Sitka Community Hospital - Rob Allen, CEO

Chief Executive Officer Rob Allen informed the Assembly of the following: cash position, census, electronic health records project status, Dan Neumeister of SEARHC



spoke to staff, and Hospital Board accepted Allen's offer to stay on as interim CEO.

## VII. PERSONS TO BE HEARD

Stephanie Staley and Kent Barkhau spoke to the Sitka Idle Free Campaign. Alene Henning reminded cell phone use while driving was prohibited.

## VIII. REPORTS

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

Administrator - Brady reminded of the seasonal sales tax and residential utility rates. All kWh from the first billing cycle in October through the last billing cycle in March would be charged at \$0.120 per kWh. Sales tax was scheduled to decrease from 6% to 5% on October 1. In addition, Brady reminded the City was accepting applications for the Utility Cost Subsidization Program through October 31.

Liaison Representatives - Eisenbeisz spoke to the recent Hospital Board meeting, Knox reported on the Parks and Recreation Committee meeting, and Hunter on the Library Commission meeting.

Clerk - Peterson reminded of upcoming meeting, the Semi-Annual Government to Government dinner, and announced advanced/absentee voting for the Municipal Election would begin September 17 at City Hall.

Other - Bean reported he had an informal conversation with Chris McGraw at Old Sitka dock about selling electricity to cruise ships. Bean reported on a tour of the Police Department and encouraged others to do so.

## IX. CONSENT AGENDA

A motion was made by Knox that the Consent Agenda consisting of items A, B & C be APPROVED. The motion PASSED by the following vote.

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

**A 18-163** Approve the minutes of the August 14, 17, 30 Assembly meetings

This item was APPROVED ON THE CONSENT AGENDA.

**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

This item was APPROVED ON THE CONSENT AGENDA.

**C 18-172** Approve a Standard Marijuana Cultivation Facility license renewal application

for Darren H Phillips dba Fiberflite at 120 Jarvis Street Unit C

This item was APPROVED ON THE CONSENT AGENDA.

**X. BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

None.

**XI. UNFINISHED BUSINESS:**

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

Wein inquired of the expenditure detail of the outstanding purchase orders. Chief Finance and Administrative Officer Jay Sweeney offered to email the purchase orders as he did not have the information available. In addition, Sweeney explained, these were approved appropriations in FY18. Had the purchases been finalized by June 30, 2018, the agenda item would not have come forward. He clarified it was not additional expenditure requests.

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

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

**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*)**

Alexander Allison spoke in opposition.

Assembly members discussed the merits of increasing harbor rates by 6%. It was noted this matter had been referred to the Port and Harbors Commission in June. The Commission met recently and had recommended approval of the increase although hesitant about the long-term sustainability. Stating the rate increases were unsustainable, Bean and Eisenbeisz suggested a need to revisit the harbor master plan. Hunter agreed increasing rates was unsustainable. Wein suggested the City explore self financing.

**A motion was made by Miyasato 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:** 3 - Eisenbeisz, Bean, and Wein

**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

Jay Sweeney, Chief Finance and Administrative Officer, and Bond Counsel, David Thompson, explained the bonding process and answered questions from Assembly members. It was reminded the project would be paid for by passenger facility charges.

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

**Yes:** 5 - Miyasato, Eisenbeisz, Potrzuski, Hunter, and Knox

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

**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

Michelle Putz requested the Assembly stay on topic.

Jay Sweeney, Chief Finance and Administrative Officer, and Bond Counsel, David Thompson, explained the bonding process and answered questions from Assembly members.

Wein expressed concern with the amount of debt the City was taking on. Others expressed hesitancy as well. Hunter reminded of the project benefits.

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

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

**No:** 3 - Eisenbeisz, Bean, and Wein

**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

Potrzuski signed off at 9pm.

Public Testimony

Speaking in support of the ordinance were Beth Kindig, Jennifer Carter, Pat Kehoe, Doug Osborne, Esther Kennedy, Charles Bingham, Katie Riley, Leah Mason, Keith Nyitray, Naomi Bargman, Kathy Ingallinara, Perry Edwards, Judy Kearns-Stephen, Callie Simmons, Michelle Putz, Sheila Finkenbinder, Hannah Blanke, Blossom Twitchell, and Brinnen Carter. Bingham suggested the proposed fees be lowered. Bingham, Bargman, and Nyitray suggested the collected fees be placed in the Electric

Fund as opposed to the General Fund.

Assembly Deliberation

Eisenbeisz disclosed he was a business owner and asked the Mayor to rule on any possible conflict of interest. It was determined Eisenbeisz was a member of a larger class and there was no conflict. Bean noted he would support a ban however not a fee. Ordinance sponsors Knox and Wein offered comments. Knox stated the ordinance was a compromise to a ban but more importantly to reduce usage. Wein agreed and noted it was a funding source. Eisenbeisz believed it was an unfunded mandate and noted potential costs to a small business owner. Miyasato suggested using the fees collected to buy reusable bags to sell back to citizens.

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

**Yes:** 4 - Miyasato, Hunter, Knox, and Wein

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

**Absent:** 1 - Potrzuski

**N 18-167**

Discussion / Direction on a mitigation proposal submitted by Andrew Friske and Scott McArthur for South Kramer Avenue (*possible executive session*)

Noting the time, the Assembly moved to item N.

Municipal Attorney Brian Hanson stated Scott McArthur and Andrew Friske were present to share an overview of their mitigation proposal. Hanson noted this was an opportunity for the Assembly and staff to understand the proposal and then allow staff to research and develop a position for a later date.

Scott McArthur, Andrew Friske, and Keith Mobley, a geotechnical engineer, addressed the Assembly. McArthur referenced the 2016 landslide risk map, 2017 City covenant, and the issues remaining. McArthur and Friske requested partnership in the construction of mitigation for South Kramer landslide on property owned by the City. McArthur spoke to the benefits to the home owners and the City.

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

**Yes:** 6 - Knox, Hunter, Wein, Miyasato, Bean, Eisenbeisz

**Absent:** 1 - Potrzuski

Assembly members asked questions of McArthur, Friske, and Mobley. The three noted a significant amount of work needed to be done. Right now they were just asking for the Assembly to give the Administrator and Attorney direction to continue discussions with them and further research the possibility of mitigation on City property.

Keith Mobley and Brinnen Carter spoke in support of the motion.

**A motion was made by Bean to instruct the Municipal Administrator and Municipal Attorney to continue discussions with the land owners on South Kramer Avenue about the possibility of using City land for mitigation at their (property owners) own cost and hold the City harmless of any accrued cost as a**

result of any actions taken as a result of those talks or discussions. The motion **PASSED** by the following vote.

**Yes:** 6 - Miyasato, Eisenbeisz, Hunter, Knox, Bean, and Wein

**Absent:** 1 - Potrzuski

**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

Eisenbeisz left at 10:50pm due to early morning travel plans.

**A motion was made by Knox to EXTEND to 11:15pm. The motion PASSED by the following vote.**

**Yes: 5 - Bean, Wein, Miyasato, Knox, Hunter**

**Absent: 2 - Eisenbeisz, and Potrzuski**

Jeremy Plank, Chief Financial Officer of Allen Marine Tours, explained the Company had purchased property on Finn Island. A lodge had been constructed and now they wished to obtain a liquor license to serve guests at the lodge. Their application had been denied by the Alcohol and Marijuana Control Office (AMCO) due to population limitations on the number of authorized liquor licenses for Sitka. Plank shared that based on the population of Sitka there are 6 Restaurant/Eating Place licenses and 7 licenses had been issued. Unfortunately, the lodge does not meet the requirements for other license criteria through AMCO. Plank shared one option available was to apply for a restaurant eating place license exemption following the criteria established in the AMCO regulations: 1) support from the governing body and 2) community support - a signed petition by a majority of the residents 21 years of age or over who reside within one mile of the proposed premises.

The Assembly thanked Allen Marine for bringing the request forward and spoke in support of economic development. Staff noted it was their understanding the application would come back to the Assembly for final approval.

**A motion was made by Miyasato 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. The motion PASSED by the following vote.**

**Yes:** 5 - Miyasato, Hunter, Knox, Bean, and Wein

**Absent:** 2 - Eisenbeisz, and Potrzuski

**I ORD 18-43**

Making Supplemental Appropriations for Fiscal Year 2018 (*Personnel PERS, Solid Waste Fund Operations, MIS Operations*)

No action taken, item moved to September 25.

**J ORD 18-44**

Making Supplemental Appropriations for Fiscal Year 2019 (*Legal Department - Legal Fees*)

No action taken, item moved to September 25.

**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  
No action taken, item moved to September 25.
- L 18-171** Approve the proposed adjustments to the Gary Paxton Industrial Park Port Tariff Fee Schedule (Port Tariff #3)  
No action taken, item moved to September 25.
- O 18-165** Decision on whether to allow sales tax free day(s) following the Thanksgiving holiday and set date(s)  
No action taken, item moved to September 25.

**XIII. PERSONS TO BE HEARD:**

None.

**XIV. EXECUTIVE SESSION**

None.

**XV. ADJOURNMENT**

A motion was made by Knox to ADJOURN. Hearing no objections, the meeting adjourned at 11:05pm.

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*

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Thursday, September 13, 2018

6:00 PM

Assembly Chambers

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#### SPECIAL MEETING

#### I. CALL TO ORDER

#### II. FLAG SALUTE

#### III. ROLL CALL

**Present:** 4 - Miyasato, Hunter, Knox, and Bean

**Absent:** 1 - Eisenbeisz

**Telephonic:** 2 - Potrzuski, and Wein

#### IV. PERSONS TO BE HEARD:

Valorie Nelson stated citizens had the right to know what was going on and reminded the Assembly to be transparent.

#### V. NEW BUSINESS:

##### A 18-174

Discussion / Direction on Phase 3 of the Sitka Community Hospital RFP process - specifically the Letter Of Intent with SEARHC and consider engagement of outside counsel (*executive session anticipated*)

Administrator Keith Brady informed the meeting was to outline phase 3 of the Sitka Community Hospital RFP process, letter of intent, and receive direction from the Assembly. Municipal Attorney Brian Hanson advised, when in negotiations, for the Assembly to go into executive session.

Shannon Haugland from the Daily Sitka Sentinel understood the need for executive session if discussing contract negotiations but reminded the Assembly to keep on topic. Kevin Mosher expressed a desire for the letter of intent to be made public.

Valorie Nelson reiterated the need for transparency and urged the Assembly to hold their discussions in public.

Wein believed the meeting should be held in public. Bean, Knox, and Potruzski stated there were some issues that needed to be discussed in executive session.

**A motion was made by Knox to go into executive session to discuss communications with the Municipal Attorney and Municipal Administrator regarding phase 3 of the Sitka Community Hospital RFP process, specifically the letter of intent with SEARHC and consideration of outside counsel, matters the immediate knowledge of which would adversely affect the finances of the municipality and invite to participate by phone, Sitka Community Hospital RFP Consultant, Sarah Cave of Sarah Cave Consulting, and if desired and when ready, Chief Finance and Administrative Officer, Jay Sweeney. The motion PASSED by the following vote.**

**Yes: 5 - Hunter, Bean, Knox, Potruzski, Miyasato**

**No: 1 - Wein**

The Assembly was in executive session from 6:25-8:00pm. A break was held from 8-8:10pm. Jay Sweeney was invited in at 8:10pm. Wein, due to travel, needed to sign off at 8:25pm.

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

Hunter relayed the Assembly had discussed the letter of intent, negotiating strategies, and heard from staff and consultants about best practices and concerns. He reiterated during the upcoming months as the Assembly worked through the negotiation phase and drafting the letter of intent, many of those discussions would be held in executive session. Once a decision had been made, and the Assembly directed the Administrator to sign a letter of intent, then the letter of intent would be made public.

**A motion was made by Miyasato to direct staff (Municipal Attorney and Municipal Administrator) to enter into a contract with outside counsel recommended by Mr. Hanson and to draft an ordinance to that effect, to appropriate up to, but not to exceed, \$150,000 for phase 3 of negotiations. The motion PASSED by the following vote.**

**Yes: 5 - Miyasato, Potruzski, Hunter, Knox, and Bean**

**Absent: 2 - Eisenbeisz, and Wein**

#### **VI. PERSONS TO BE HEARD:**

None.

#### **VII. EXECUTIVE SESSION**

See item A.

#### **VIII. ADJOURNMENT**

**A motion was made by Miyasato to ADJOURN. Hearing no objections, the**

meeting ADJOURNED at 9:38pm.

ATTEST:

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



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: RES 18-19    Version: 1    Name:  
Type: Resolution    Status: AGENDA READY  
File created: 9/18/2018    In control: City and Borough Assembly  
On agenda: 9/25/2018    Final action:  
Title: Supporting the Alaska Salmon Hatchery Program  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Motion and Res 2018-19.pdf](#)

Date	Ver.	Action By	Action	Result
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Sponsors: Eisenbeisz / Knox

Should this item be pulled from the consent agenda the following motion is suggested:

**POSSIBLE MOTION**

**I MOVE TO** approve Resolution 2018-19 on first and final reading.

CITY AND BOROUGH OF SITKA

RESOLUTION NO. 2018-19

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA SUPPORTING THE ALASKA SALMON HATCHERY PROGRAM**

**WHEREAS**, the City and Borough of Sitka benefits greatly from the State of Alaska Salmon Hatchery Program; and

**WHEREAS**, Alaska's salmon hatchery program has operated for 45 years and supplements wild salmon harvests throughout the state; and

**WHEREAS**, Alaska's salmon hatchery program is an example of sustainable economic development that directly benefits subsistence fishermen, personal use fishermen, sport fishermen, charter fishermen, commercial fishermen, seafood processors, as well as state and local governments, which receive raw fish tax dollars; and

**WHEREAS**, Alaska's salmon hatchery program employs strong scientific methodology and is built upon precautionary principles and sustainable fisheries policies to protect wild salmon populations; and

**WHEREAS**, Alaska Department of Fish and Game regulates hatchery operations, production, and permitting through a transparent public process and multi-stakeholder development of annual management plans; and

**WHEREAS**, returns of hatchery and wild salmon stocks follow similar survival trends over time and the largest returns of both hatchery and wild salmon stocks have largely occurred since hatchery returns began in about 1980; and

**WHEREAS**, there are no stocks of concern where most hatchery production occurs, indicating that adequate escapements to wild stock systems are being met in these areas over time; and

**WHEREAS**, Alaska hatcheries contributed an annual average of nearly 67 million fish to Alaska's commercial fisheries in the past decade; and

**WHEREAS**, Alaska hatcheries accounted for 22% of the total common property commercial catch and 43% of the total ex-vessel value in the Southeast region in 2016; and

**WHEREAS**, a McDowell Group report identifies the economic contribution in 2017 of the Southern Southeast Regional Aquaculture Association (SSRAA) to be 680 jobs, \$32 million in labor income, and \$70 million in total economic output; and

**WHEREAS**, NSRAA's most recent 2009 McDowell Group report notes a first wholesale value of \$63.3 million in 2008, with a total economic output of \$100 million for that same year; and

**WHEREAS**, Alaska's salmon hatchery program has proven to be significant and vital to Alaska's seafood and sportfish industries and the state of Alaska by creating employment and economic opportunities throughout the state and in particular in rural coastal communities; and

53 **WHEREAS**, Alaska's salmon hatchery program is non-profit and self-funded through cost  
54 recovery and enhancement taxes on the resource and is a model partnership between private  
55 and public entities; and

56  
57 **WHEREAS**, the State of Alaska has significantly invested in Alaska's salmon hatchery program  
58 **through the State Revolving Loan Fund** and associated research to provide for stable salmon  
59 harvests and to bolster the economies of coastal communities while maintaining a wild stock  
60 escapement priority; and

61  
62 **WHEREAS**, Alaska salmon fisheries, including the hatchery program, continue to be certified as  
63 sustainable by two separate programs, Responsible Fisheries Management (RFM) and Marine  
64 Stewardship Council (MSC).

65  
66 **NOW, THEREFORE, BE IT RESOLVED** by the Assembly of the City and Borough of Sitka that  
67 the City and Borough of Sitka affirms its support for Alaska's salmon hatchery programs; and

68  
69 **BE IT FURTHER RESOLVED** that the City and Borough of Sitka supports unbiased and  
70 scientific methods to assess the interaction of Alaska's salmon hatchery programs with natural  
71 salmon stocks, such as the Alaska Hatchery-Wild Salmon Interaction Study which began in  
72 2011 and is scheduled to conclude in 2023; and

73  
74 **AND, BE IT FURTHER RESOLVED** that the City and Borough of Sitka calls on the Alaska  
75 Board of Fisheries to work with the hatchery community, the Alaska Department of Fish and  
76 Game and industry leaders to further its understanding of the importance of the Alaska salmon  
77 hatchery program to all Alaskans.

78  
79 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka,  
80 Alaska on this 25<sup>th</sup> day of September, 2018.

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Matthew Hunter, Mayor

ATTEST:

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Sara Peterson, MMC  
Municipal Clerk

1<sup>st</sup> and final reading 9/25/18

Sponsors: Eisenbeisz and Knox



# CITY AND BOROUGH OF SITKA

## Legislation Details

File #: RES 18-20      Version: 1      Name:

Type: Resolution      Status: AGENDA READY

File created: 9/18/2018      In control: City and Borough Assembly

On agenda: 9/25/2018      Final action:

Title: Supporting the Sitka Trail Works, Inc. grant application to the State of Alaska Recreational Trails Program for repairs to the Sea Lion Cove Trail

Sponsors:

Indexes:

Code sections:

Attachments: [Motion Memo and Res 2018-20.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 Resolution 2018-20 on first and final reading.



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## MEMORANDUM

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

**From:** Lynne Brandon, Executive Director, Sitka Trail Works

**Date:** August 31, 2018

**Subject:** Resolution of Support for Recreational Trails Grant Application

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**Background:**

The Recreational Trails Program (RTP) offers grants up to \$75,000 for trail repair projects and is administered by Alaska State Parks. Sitka Trail Works (STW) regularly applies for RTP grants to assist with repairs to City, State and other Sitka area trails. As a part of the grant application is a requirement for a resolution of support from the local governing body.

In 2016 and 2017 STW acquired RTP grants to affect major repairs to Alaska State Parks' Mosquito Cove trail. RTP grant funds were used in 2015 to repair the City section of Herring Cove Trail. These three projects were a result of a partnership effort between STW and US Forest Service Sitka District trail crew. In the past STW also received RTP funds for upgrades to the City's Cross Trail.

**Analysis:**

This year's grant is for repairs to the Sea Lion Cove trail. The last major work was completed on this trail in 2001 and the trail is currently in poor condition. Since the State Parks' Sea Lion Cove trail has been in "passive management" with no maintenance recently completed, Sitka Trail Works has prioritized this trail for the RTP grant this year.

**Fiscal Note:**

There is no City funding requirement or obligation for CBS funds, staff time or match in association with this grant application.

**Recommendation:**

Approve Resolution 2018 – in support of Sitka Trail Works RTP grant application.

CITY AND BOROUGH OF SITKA

RESOLUTION 2018-20

**A RESOLUTION OF THE CITY AND BOROUGH OF SITKA SUPPORTING THE SITKA TRAIL WORKS, INC. GRANT APPLICATION TO THE STATE OF ALASKA RECREATIONAL TRAILS PROGRAM FOR REPAIRS TO THE SEA LION COVE TRAIL**

**WHEREAS**, Sea Lion Cove trail is of high value trail for Sitka residents for recreation, physical fitness and for activities for small cruise ship visitors; and

**WHEREAS**, this project was developed according to the 2003 Sitka Trail Plan to which the City and Borough of Sitka and Alaska State Parks and Sitka Trail Works are plan partners; and

**WHEREAS**, Alaska State Parks has no major trail maintenance planned; and

**WHEREAS**, damage and erosion of the trail from heavy use has occurred since the last major repair project in 1998; and

**WHEREAS**, Alaska State Parks and Juneau Trail Mix are partnering with Sitka Trail Works to complete the repair work; and

**WHEREAS**, the goal is for trail repairs to make a more sustainable trail into the future that will last another 20 years; and

**WHEREAS**, these repairs will restore the trail to safe condition for public use; and

**WHEREAS**, the project match requirement will be met by Sitka Trail Works and Alaska State Parks.

**NOW, THEREFORE, BE IT RESOLVED**, that the Assembly of the City and Borough of Sitka, by this resolution, affirms and supports the grant application from Sitka Trail Works to the State of Alaska Recreational Trails Program for \$75,000 maximum in grant funding for repairs to the Sea Lion Cove Trail.

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska on this 25<sup>th</sup> day of September 2018.

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

ATTEST:

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

1<sup>st</sup> and final reading 9/25/18

Sponsor: Administrator



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 18-179      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 9/17/2018      In control: City and Borough Assembly

On agenda: 9/25/2018      Final action:

Title: Appoint Charlie Woodcock to an unexpired term on the Health Needs and Human Services Commission and appoint Vaughn A. Morrison to a two-year term on the Gary Paxton Industrial Park Board of Directors

Sponsors:

Indexes:

Code sections:

Attachments: [Motion appointments.pdf](#)  
[Woodcock Application.pdf](#)  
[Morrison Application.pdf](#)

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

**I MOVE TO** appoint Charlie Woodcock to an unexpired term on the Health Needs and Human Services Commission and appoint Vaughn A. Morrison to a two-year term on the Gary Paxton Industrial Park Board of Directors.





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

Board/Commission/Committee: Health Needs and Human Services Commission

Name: Charlie Woodcock Daytime Phone: [REDACTED]

Address: [REDACTED] Evening Phone: [REDACTED]

Email Address: [REDACTED] Fax Number: [REDACTED]

Length of Residence in Sitka: 1 year 8 months Registered to vote in Sitka? Yes ☒ No

Employer: Youth Advocates of Sitka

Organizations you belong to or participate in: Hope Coalition, Pathways, The Rotary Club, Wooncheen Health Network, Sitka Health Summit, AAHC-Alaska Association of Home Children, FFTM-Alaska chapter "Family Focused Treatment Association and BHC-Behavioral Health Committee"

Explain your main reason for applying:

I am interested in assisting in the local development of policy as it relates to the health needs and human services in the community.

What background, experience or credentials will you bring to the board, commission, or committee membership?

20+ years of experience in human services

Please disclose any potential conflicts of interest that may arise from your appointment. These may include but are not limited to:

- A substantial financial interest of \$1000 annually that could be influenced by your appointment.
- An immediate family member employed within the scope of this appointment.

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

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

Date: 9-4-18 Signature: [Signature]

Your complete application and resume should be returned to the Municipal Clerk's Office by noon on the Wednesday prior to an advertised Assembly meeting.

Please note: all information submitted will be made public and published online. Appointments are normally made during open session of an Assembly meeting, however, Assembly members may vote to discuss applicant(s) in closed executive session. In this case, do you wish to be present when your application is discussed? Yes ☐ No

Return to:

Melissa Henshaw, Deputy Clerk/Records Specialist, 100 Lincoln Street  
Fax: 907-747-7403 Email: [melissa.henshaw@cityofsitka.org](mailto:melissa.henshaw@cityofsitka.org)

**Charlie Lynn Woodcock**  
**Curriculum Vitae**

---

**Youth Advocates of Sitka**  
**Executive Director**

[REDACTED]

E-mail: [REDACTED]

**Mailing Address**

[REDACTED]

**Cell Phone:** [REDACTED]

---

**Education**

**Ph.D., Academic Psychology (12-98) thru (3-09)**

**Walden University**

- \* All but dissertation is completed
- \* Specialization within Counseling Psychology

**M.Ed., Counseling and Human Development (5/98)**

**Lindsey Wilson College: Columbia, KY**

- \* NCA, CACREP, and SACS Certification
- \* 3.95 G.P.A.
- \* Specialization within Mental Health Counseling

**B.A., Human Services (5/96)**

- \* Cum Laude
- \* 3.9 G.P.A.
- \* Graduated with Honors for the Human Services Dept.

**Ph.D. Dissertation**

Title: "The relevant aspect of Field Dependence/Independence within predicting successful discharge from a Residential Psychiatric Treatment Facility"

Advisor: John Bender Ph.D.

**Relevant Experience**

**Employment**

**Executive Director (11/16)-(present)**

**Youth Advocates of Sitka**

- \* Responsible for the entire agency's administrative and program operation.
- \* The primary representative of the organization to the community.
- \* Ensuring all programs and functions are in compliance with regulatory, accreditation, and industry standards.

**Corporate Compliance Officer (2/14)-(9/16)**

**Spectrum Care Academy**

- \* Responsible for the organization's compliance with State and Federal regulation.
- \* Play central role in Joint Commission preparation and development of elements of performance.
- \* Responsible for a Consultation role with all Facility Directors.
- \* Responsible for Policy and Procedure development and implementation.

**Clinical/Program Director—Facility Administrator (2/05)-(2/14)**

**Glasgow, Columbia, and London Spectrum Care Academy**

- \* Responsible for the day-to-day operation and supervision of two free standing nine bed Psychiatric Residential Treatment Facility for adolescences.
- \* Responsible for the clinical and program supervision of services provided.
- \* Responsible for ensuring compliance to State and Federal regulations.



**Adjunct Professor of Psychology****Western KY University Region Campus (2003-2009)**

- \* Taught an array of intro and upper level psychology undergraduate classes.
- \* Taught some graduate classes.
- \* Mentor and supervisor of on-site undergraduate practicum students and graduate level intern students.

**Institutional Therapeutic Recreational Activity Director****Glasgow State Nursing Facility (1999-2005)**

- \* Department Head--supervise a department of five Activity therapists.
- \* Coordinate and designed all therapeutic interactions toward residential population.
- \* Responsible for treatment plan development and CQI (Continuous Quality Improvement) issue formation and development.
- \* Responsible for formal data analysis of therapeutic interaction patterns and trends.

**MHA: Mental Health Associate (2002)-(2005)****Spectrum Care Academy (Part-time position)**

- \* Provide group therapy toward residential population: Adolescent psychiatric residents.
- \* Participate within behavioral modification program with residential population.
- \* Monitor residential self-administration of psychotropic medications.

**Liaison Position between Glasgow State Nursing Facility and Specialized Services--  
Systematic group-effort toward community placement**

- \* Designed and implemented a complex behavioral program to assist within placement transition.
- \* Clinical Supervision of five contracted providers, and program development.
- \* Assisted within the ELP (essential life planning) process.
- \* Coordinated interaction with facility and LifeSkills(Specialized Services).

**Dual Position: MH/MR Social Worker & Activities Consultant****Glasgow State Nursing Facility**

- \* Designed and implemented a complex one-on-one program and coding system.
- \* Experience within individual Care Plan development and MDS process.
- \* Active within the restructuring process of departmental and therapeutic focus.

**Assistant to the Director of Social Services (5/96)-(1/97)****Glasgow State Nursing Facility**

- \* Assisted Director with departmental paperwork and resident's progress notes.
- \* Possessed liaison position between inter-departmental interaction.
- \* Interacted with family members and residents, both upon a social and therapeutic level.

**Internships****Graduate Level Internship (400 Supervised hours) (1/98)-(4/98)****Glasgow State Nursing Facility**

- \* 140 Direct Clinical Internship hours.
- \* Active within programmatic and interdepartmental changes related to licensure requirements.
- \* Initiated a computer database which quantified and analyzed internal residential incident data, to correlate relational rhythmic patterns.
- \* Active within the Risk Management process and the Monthly Incident Report development.

**Graduate Level Internship (600 Supervised hours) (9/97)-(12/97)****Barren County Correctional Center**

- \* 240 Direct Clinical Internship hours.
- \* Caseload of individual (139 hours) and group (118 hours) interaction.
- \* Experience in anger control and chemical dependency counseling.

**Graduate Level Practicum (150 Supervised hours) (6/97)-(8/97)****Summit Manor**

- \* 40 Direct Clinical Internship hours.
- \* Co-leaded Alzheimer's Therapeutic Group.
- \* Experiences with play, touch, and music therapy through individual sessions.

**Undergraduate Level Practicum (240 Supervised hours) (8/95)-(6/96)****Glasgow State Nursing Facility**

- \* Experience within Psychopathology and Pharmacological.
- \* Interacted with residents through therapeutic activities.
- \* Experience within clerical duties of Social Services Dept.



## Health Needs and Human Services Commission

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
DOUG OSBORNE 209 Moller Avenue	747-0373 dosborne@sitkahospital.org	1/27/15 10/24/17	10/14/17 10/24/20	<b>CHAIR</b>
LOYD PLATSON 805 Charles Street	747-3636 x226 w 623-7560 c lplatson@scpsak.org	8/25/15 11/7/17	10/28/17 11/7/20	<b>VICE CHAIR</b>
JEFF ARNDT 207 Cedar Heights	738-2025 queenmab@gci.net	11/11/15	11/11/18	
BARBARA KENDALL 206 Park Street	738-1808 bekendall40@yahoo.com	8/23/16	8/23/19	
VERA GIBSON 107 Rudolph Walton Circle	747-3636 x224 w 738-0812c vgibson@scpsak.org	10/24/17	11/22/19	<i>Treas term</i>
MARTHA PEARSON 814 Charles Street	738-2534 marthap@searhc.org	11/7/17	12/8/18	<i>Gray's term</i>
JENNIFER HERRERA 716 Biorka Street	720-427-0233 jennifer.herrera@gmail.com	1/23/18	9/13/19	<i>Viator's term Resigned 7/12/18</i>
Melissa Henshaw Deputy Clerk/Records Specialist	747-1826 melissa.henshaw@cityofsitka.org			Secretary
Richard Wein PO Box 2424	738-0577 assemblywein@cityofsitka.org			Assembly Liaison

Established by Ordinance 2013-23

7 members, 3-year terms. A vacancy on the commission shall be filled by appointment by the Assembly for any remainder of an unexpired term.

Meeting schedule: 2<sup>nd</sup> Thursday of the month; 2:00 p.m. at Harrigan Centennial Hall, 330 Harbor Drive  
– Meetings are to be held no less than four times per year.

Revised: July 12, 2018



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

Board/Commission/Committee: Gary Paxton Industrial park board of directors

Name: Vaughn A Morrison Daytime Phone: [REDACTED]

Address: [REDACTED] Evening Phone: [REDACTED]

Email Address: [REDACTED] Fax Number: [REDACTED]

Length of Residence in Sitka: 30 years Registered to vote in Sitka? ☒ Yes ☐ No

Employer: State of Alaska Department of Transportation

Organizations you belong to or participate in:

Sitka volunteer Fire Department incident management team

Explain your main reason for applying:

To utilize the industrial park for the benefit of the city of Sitka and it's residents.

What background, experience or credentials will you bring to the board, commission, or committee membership?

Long time Sitka resident with background in commercial marine construction, repair, and maintenance

Please disclose any potential conflicts of interest that may arise from your appointment. These may include but are not limited to:

- A substantial financial interest of \$1000 annually that could be influenced by your appointment.
- An immediate family member employed within the scope of this appointment.

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

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

Date: 9/6/2018 Signature: [Signature]

Your complete application and resume should be returned to the Municipal Clerk's Office by noon on the Wednesday prior to an advertised Assembly meeting.

Please note: all information submitted will be made public and published online. Appointments are normally made during open session of an Assembly meeting, however, Assembly members may vote to discuss applicant(s) in closed executive session. In this case, do you wish to be present when your application is discussed? ☐ Yes ☐ No

Return to:

Melissa Henshaw, Deputy Clerk/Records Specialist, 100 Lincoln Street  
Fax: 907-747-7403 Email: melissa.henshaw@cityofsitka.org



Vaughn Morrison

[REDACTED]

Sitka Ak, 99835

[REDACTED]

[REDACTED]

As a 30 year resident of Sitka, I am very aware of the long term effects Sitka has endured from the changing economy. Back in the 80's when I moved here and the pulp mill was operational Sitka had a large, stable, industrial based business that supported many family wage based jobs that brought and kept a lot of residents here. The loss of that large scale operation has had a long lasting effect that has taken years to fully feel the loss to the Sitka economy.

Fishing and tourism have taken the place of large scale industrial operations locally and have shown that while beneficial, they're not always reliable. Sitka needs to utilize our limited industrial property to the greatest benefit of the community. A reliable, sustainable, and profitable infrastructure at the Paxton industrial park will benefit Sitka's economy by providing much needed jobs for the residents and revenue to the city.

I would like to contribute my time and efforts to see that the Gary Paxton Industrial Park is set up for long term success for the community and can provide a bright future for generations to come.

Thanks for your consideration.

Vaughn Morrison



## GARY PAXTON INDUSTRIAL PARK BOARD OF DIRECTORS

NAME	CONTACT NUMBERS	TERM STARTS	EXPIRES	CATEGORY
SCOTT WAGNER 304 Nicole Drive	747-6850 w 747-3791 h scott_wagner@nsraa.org	11/25/14 6/28/16 6/26/18	6/24/16 6/28/18 6/26/20	CHAIR
DAN JONES 719 Sirstad Street	738-6998 c 747-6373 h danielgjonespe@gci.net	10//11/11 10/22/13 10/27/15	10/11/13 10/22/15 10/27/17	VICE- CHAIR
<i>HUGH BEVAN 720 Pherson Street</i>	<i>747-2709 h kbdsitka@gmail.com</i>	<i>7/12/16</i>	<i>6/14/18</i>	<i>Miller's term</i>
SHEILA FINKENBINDER 415 DeArmond Street	738-3098 c sitkasheila@gmail.com	3/28/17	3/28/19	
WAYNE UNGER PO Box 833	738-9396 wayne.unger@silverbayseafoods.com	4/24/18	4/24/20	
Garry White 329 Harbor Drive, #212	747-2660 w 747-7688 fax garrywhite@gci.net			GPIP Director
Keith Brady City & Borough of Sitka 100 Lincoln Street	747-1808 w 747-7403 fax keith.brady@cityofsitka.org			Municipal Administrator
Bob Potrzuski 2013 Kainulainen Drive	738-9075 c assemblypotrzuski@cityofsitka.org			Assembly Liaison
Sarah Nelson 329 Harbor Drive, #212	747-2660 w 747-7688 fax sedasitka@gmail.com			Secretary

Established by Ordinance 00-1568

Five members appointed by the Assembly for 2-year terms, one designated At-Large

Revised: June 28, 2018



# 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: 9/25/2018 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](#)  
[GPIP Port Tariff No. 3.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 28<sup>th</sup>, 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](mailto:Keith.brady@cityofsitka.com)

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<b>SECTION 1 GENERAL RULES AND REGULATIONS</b>		
<b>ITEM 100 <u>NOTICE TO PUBLIC</u></b>		
<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>		
<b>ITEM 100 <u>APPLICATION OF TARIFF</u></b>		
<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>		
(Continued on next page)		
<p>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p> <p>Revision approved by CBS Assembly 9/25/2018</p>		

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<b>SECTION 1 GENERAL RULES AND REGULATIONS</b>		
<p style="text-align: center;"><b><u>APPLICATION OF TARIFF (Continued)</u></b></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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<b>SECTION 1 GENERAL RULES AND REGULATIONS</b>		
<b>ITEM 105 APPLICATION OF RATES</b>		
<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>		
<p>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p>		





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<b>SECTION 1 GENERAL RULES AND REGULATIONS</b>		
<b>ITEM 115 <u>METHOD OF PAYMENT AND PENALTIES</u></b>		
<p>(a) <b>RESPONSIBILITY FOR CHARGES, PAYMENT TERMS:</b></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"> <li>1. For all charges to the vessel, from its owners or agents before a vessel commences it's loading or discharging.</li> <li>2. For all charges to the cargo, from a vessel owner, charterer, shipper or consignee before the cargo leaves the custody of the terminal.</li> <li>3. For all charges on perishable goods or freight of doubtful value, or household goods.</li> </ol> <p>(b) <b>COMPLIANCE WITH CONDITIONS OF BERTH RESERVATION:</b></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) <b>PENALTY CHARGES ON DELINQUENT ACCOUNTS:</b></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>		
<p>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p>		

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<b>SECTION 1 GENERAL RULES AND REGULATIONS</b>		
<b>ITEM 120 <u>LIABILITY FOR LOSS OR DAMAGE</u></b>		
<p>(a) <b>RESPONSIBILITY LIMITED:</b></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) <b>HOLD HARMLESS AND INDEMNITY:</b></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>		
<p>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p>		

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<b>ITEM 125 <u>RIGHTS OF TERMINAL</u></b>		
<p>(a) <b>RIGHTS RESERVED:</b></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) <b>RIGHT TO REFUSE FREIGHT:</b></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"> <li>1. Freight for which previous arrangements for space, receiving, unloading or handling have not been made by shipper, consignee or carrier.</li> <li>2. Freight deemed extra offensive, perishable or hazardous.</li> <li>3. Freight, the value of which may be determined as less than the probable terminal charges.</li> <li>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.</li> </ol> <p>(c) <b>RIGHT TO REMOVE, TRANSFER OR WAREHOUSE FREIGHT:</b></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 style="text-align: center;">(Continued on next page)</p>		
<b>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</b>		

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<p style="text-align: center;"><b><u>RIGHTS OF TERMINAL (Continued)</u></b></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) <b>RIGHT TO WITHHOLD DELIVER OF FREIGHT:</b></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) <b>RIGHT TO SELL FOR UNPAID CHARGES:</b></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) <b>EXPLOSIVES:</b></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) <b>OWNERS RISK:</b></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>		
<b>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</b>		

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<b>ITEM 130 <u>SHIPPERS' REQUESTS AND COMPLAINTS</u></b>  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		
<b>ITEM 131 <u>DEMURRAGE OR DELAYS</u></b>  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.  This provision is subject to Item 120(b).		
<b>ITEM 135 <u>DELAYS - NO WAIVER OF CHARGES</u></b>  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.  This provision is subject to Item 12(b).		
<b>ITEM 140 <u>MANIFESTS REQUIRED OF VESSELS</u></b>  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 consignor 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.		
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska		



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<b>ITEM 145 <u>CLASSIFICATION OF TRAFFIC</u></b>  Coastwise Trade: All traffic between West Coast ports of the United States and Alaska. Inter-Coastal Trade: All traffic between ports of the United States, other than West Coast ports, and Alaska.  Intra-Alaska Trade: Traffic between points in Alaska.  Foreign Trade: All traffic between ports outside the United States of Alaska.		
<b>ITEM 150 <u>BERTHING</u></b>  The maximum vessel sizes that can berth at the face of the dock is a 30' beam by 150' long vessel with 440 US ton displacement and a berthing velocity normal to the dock of .71 knots with existing fender system.  Vessels over 150' up to a 100' beam by 400' long with a displacement of 22,000 US tons can be accepted at the face of dock with an approved fender system.		
<b>ITEM 150 <u>ENVIRONMENTAL PARAMETERS</u></b>  <b>Tidal Currents</b> Tidal currents for the Port generally vary from 2-4 knots. Extreme tidal currents in excess of 5 knots have been reported. Tidal current information is published and available from NOAA.  <b>Temperature</b> Temperatures at the Port generally range from 62 degrees Fahrenheit in the summer to 30 degrees Fahrenheit in the winter.  (Continued on next page)		
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska		

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<p align="center"><b><u>ENVIRONMENTAL PARAMETERS (Continued)</u></b></p> <p align="center"><b><u>DEPTH OF WATER</u></b></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> <p><b><u>NOAA TIDE BENCHMARKS AT SITKA, ALASKA:</u></b></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> <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															
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<p align="center">ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p>																

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<p align="center"><b><u>ENVIRONMENTAL PARAMETERS (Continued)</u></b></p> <p align="center"><b><u>WINTER USE OF THE PORT</u></b></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 align="center">(Continued on next page)</p>		
<p align="center">ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p>		

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### ENVIRONMENTAL PARAMETERS (Continued)

## **SAFETY CABINETS AND BOLLARD SPECIFICATIONS**

**DESIGN LOADS:**

- \* ASCE 7-05 MIN DESIGN LOADS
- \* ASCE 61-14 SEISMIC DESIGN OF PIERS AND WHARVES
- \* UFC 4-159-03 DESIGN: 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, $I_W$	1
TOPOGRAPHIC FACTOR, $K_{zt}$	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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<b>ITEM 160 <u>SAFETY, SANITATION AND HOUSEKEEPING</u></b>		
<p>(a) <b>SAFETY AND SANITATION:</b></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) <b>RESPONSIBILITY FOR HOUSEKEEPING:</b></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) <b>SMOKING PROHIBITED:</b></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>		
<p>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p>		

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<b>ITEM 165 <u>RESPONSIBILITY FOR PROPERTY DAMAGE</u></b>		
<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>		
<b>ITEM 166 <u>FACILITY USE AGREEMENT</u></b>		
<p>Private owners and business vendors/contractors desiring to use the GPIF 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>		
<b>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</b>		



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<b>ITEM 170 <u>BULK PETROLEUM PRODUCTS</u></b>		
<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>		
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska		

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<b>ITEM 175 <u>DEFINITIONS – GENERAL</u></b>		
<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;"><b><u>DEFINITIONS – GENERAL (Continued)</u></b></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>		
<b>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</b>		

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<p style="text-align: center;"><b><u>DEFINITIONS – GENERAL (Continued)</u></b></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>		
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska		

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<p align="center"><b><u>DEFINITIONS – GENERAL (Continued)</u></b></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 align="center">(Continued on next page)</p>		
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<p style="text-align: center;"><b><u>DEFINITIONS – GENERAL (Continued)</u></b></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;"><b><u>DEFINITIONS – GENERAL (Continued)</u></b></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>		
<b>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</b>		



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<b>ITEM 200 DOCKAGE</b>		
<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>		
<b>ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</b>		

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<p style="text-align: center;"><b><u>DOCKAGE (Continued)</u></b></p> <p>(e) <b>VESSELS REQUIRED TO OBTAIN ASSIGNMENTS/BERTHING RESERVATION:</b></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) <b>BERTHING POLICY/BERTHING RESERVATION:</b></p> <p>A Terminal Operator Permittee may secure reserved dock space under the following conditions:</p> <ol style="list-style-type: none"> <li>(1) Provide the Port with a fully completed Berthing Application indicating berth and desired, scheduled dockside activities/services needed and timeframes/ date(s) requested.</li> <li>(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.</li> <li>(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?</li> <li>(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.</li> </ol> <p style="text-align: center;">(Continued on next page)</p>		
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<p style="text-align: center;"><b><u>DOCKAGE (Continued)</u></b></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) <b>VESSELS REQUIRED TO VACATE BERTHS:</b></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) <b>CHARGES ON VESSEL SHIFTING:</b></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) <b>CHARGES TO ASSISTING VESSELS:</b></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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<u>DOCKAGE (Continued)</u>						
(j) DOCKAGE RATES WILL BE ASSESSED AS FOLLOWS EXCEPT AS OTHERWISE PROVIDED.						
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
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<p>Note 1: Dockage is assessed as follows:</p> <ul style="list-style-type: none"> <li>a. Incidental Use of the Dock – Vessels 0 - 200 feet = \$25/hour for up to 4 hours.</li> <li>b. Over 4 hours, and not more than 24 hours, shall be charged one full day's dockage.</li> <li>c. Vessels over 200 feet shall be charged one full day's dockage for incidental use.</li> </ul> <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>		
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<b>ITEM 202 <u>DUNNAGE</u></b>  (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 loading 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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<p style="text-align: center;"><b><u>DUNNAGE</u></b>  <b><u>(Continued)</u></b></p> <p>Pallets, Platforms or Skids, with or without standing or collapsible sides or ends, with or without top, and includes plastic or rubber liners used in conjunction therewith</p> <p>Platforms, Partitions or Dividers  Racks  Racks,  Shoe  Reels  Skid  s  Spo  ols  Tote  s</p> <p>Note: the return provisions of dunnage will apply only when the returned articles have been assessed wharfage on inbound movement.</p>		
<p style="text-align: center;">ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska</p>		

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<b>ITEM 210 <u>LOADING AND UNLOADING</u></b>					
	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Over 20 feet RATE (each per day)	\$6.15	\$6.52	\$6.91	\$7.32	\$7.76
(a) DIRECT LOADING AND UNLOADING:	Direct loading or unloading is the service accorded to cargo in transferring cargo by ship's tackle or terminal's tackle between ship and open top railroad cars 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. Cargo shall be subject to wharfage charges.				
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<b>ITEM 212 <u>FREE TIME</u></b>		
<p>(a) <b>DEFINITION:</b>  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.</p> <p>(b) <b>COMPUTING FREE TIME:</b>  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.</p> <p>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.</p> <p>(c) <b>FREE TIME PERIOD:</b>  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.</p>		
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<b>ITEM 215 <u>TERMINAL OPERATOR PERMIT</u></b>  <div style="margin-left: 40px;"> (a) <b>TERMINAL OPERATOR PERMITS:</b>  The services set forth in Item 215, Section (b) shall be provided by independent agents at the Port of Sitka under Terminal Operator Permits issued by the Sitka Port Commission. These permits are available to any qualified agent desiring to provide terminal services at the Port of Sitka and required by the Port of Sitka.   A current list of the Terminal Operator Permit Holders operation at the Port of Sitka is on file at the Port of Sitka and available upon request. </div>		
<b>ITEM 220 <u>MINIMUM CHARGES</u></b>  <div style="margin-left: 40px;"> Except as otherwise provided herein, where named services are performed, the minimum charge for any single shipment shall be:   <div style="display: flex; justify-content: space-between;"> <span>Wharfage:\$35.00</span> <span>(-)</span> </div> </div> <div style="text-align: center; margin-top: 20px;"> (Continued on next page) </div>		
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<b>ITEM 222 PORT LABOR</b>											
<p>(a) <b>SUBJECT TO CHANGE:</b>  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) <b>OVERTIME:</b>  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 border="0"> <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) <b>STANDBY TIME:</b>  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) <b>MINIMUM LABOR HOURS:</b>  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.									
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<p style="text-align: center;"><b><u>PORT LABOR (Continued)</u></b></p> <p>(e) <b>RATES APPLY WHEN NOT OTHERWISE PROVIDED:</b>  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) <b>LINE HANDLING:</b>  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) <b>LONGSHORE MAN-HOUR RATES:</b>  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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### SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

#### ITEM 250 WHARFAGE

- (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
- (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:
- 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.
- (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.
- (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.
- (e) MINIMUM CHARGE:  
See Item 220.
- (f) SCHEDULE OF RATES:  
Except as otherwise specifically provided, rates are in cents per ton of 2000 lbs.
- (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.
- (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.

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 09/25/2018								

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**WHARFAGE RATE**  
In Dollars

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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 09/25/2018								

<b>PORT OF SITKA</b> <b>TERMINAL TARIFF, CBS NO. 3</b>					Orig./Rev.		Page	
					Original		41	
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<b>SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES</b>								
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 09/25/2018								



<b>PORT OF SITKA</b> <b>TERMINAL TARIFF, CBS NO. 3</b>		Orig./Rev.	Page			
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		Effective Date				
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<b>SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES</b>						
COMMODITY	<div> <div>WHARFAGE RATE</div> <div>In Dollars</div> </div>					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>VANS OR CONTAINERS</b> Freight; rigid, non-disposable, dry cargo, insulated, refrigerated, flat rack, liquid tank, or open top container, with or without wheels or chassis attached, minimum dimensions 8 ft. wide and 20 ft. long, viz: containing merchandise, except containing powder, gun or blasting, or other articles as described in Item 264, under seal. (Subject to Notes 1 and 2)	\$3.51	\$3.72	\$3.94	\$4.18	\$4.43	\$4.70
Empties returning, each (Subject to Note 1)	\$1.17	\$1.24	\$1.31	\$1.39	\$1.48	\$1.57
NOTE 1: May include unit for refrigeration or heating of merchandise.						
NOTE 2: Charge applies to net weight of contents of vans or containers, inbound or outbound.						
<b>VEHICLES</b> and other articles, empty self-propelled or non-self-propelled, viz:						
Automobiles, including pickups with or without camper bodies attached, chassis,	\$1.17	\$1.24	\$1.31	\$1.39	\$1.48	\$1.57
Trailers, house or vacation; homes or buildings, mobile or modular, S.U.	\$9.36	\$9.92	\$10.52	\$11.15	\$11.82	\$12.53
Heavy Equipment including cranes, sanders, sweepers, graders, loaders, fork lifts,	\$12.87	\$13.64	\$14.46	\$15.33	\$16.25	\$17.22
ISSUED BY: Keith Brady, Municipal Administrator, Sitka, Alaska						

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SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES						
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						



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## SECTION 2 DEFINITIONS AND SCHEDULE OF CHARGES

(A)

<b>Terminal Storage</b>		<b>(A)</b>					
<b>(a) TERMINAL STORAGE</b>							
Terminal storage, included closed or covered storage, open or ground storage, bonded storage or refrigerated storage after storage arrangements have been made or other terminal facility for the storing of inbound and outbound cargo or gear after expiration of free time. When space is available and arrangements are entered into prior to arrival of cargo at terminal, storage may be permitted.							
Storage charges for cargos in transit will be assessed as follows:							
		<b>STORAGE RATE in Dollars</b>					
		<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
(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

**Storage charges for cargos in transit will be assessed as follows:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
(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 9/25/2018



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 18-170      Version: 1      Name:

Type: Item      Status: AGENDA READY

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

On agenda: 9/25/2018      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 25<sup>th</sup>, 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 30<sup>th</sup> 2017. The RFP remained open until September 19<sup>th</sup> 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

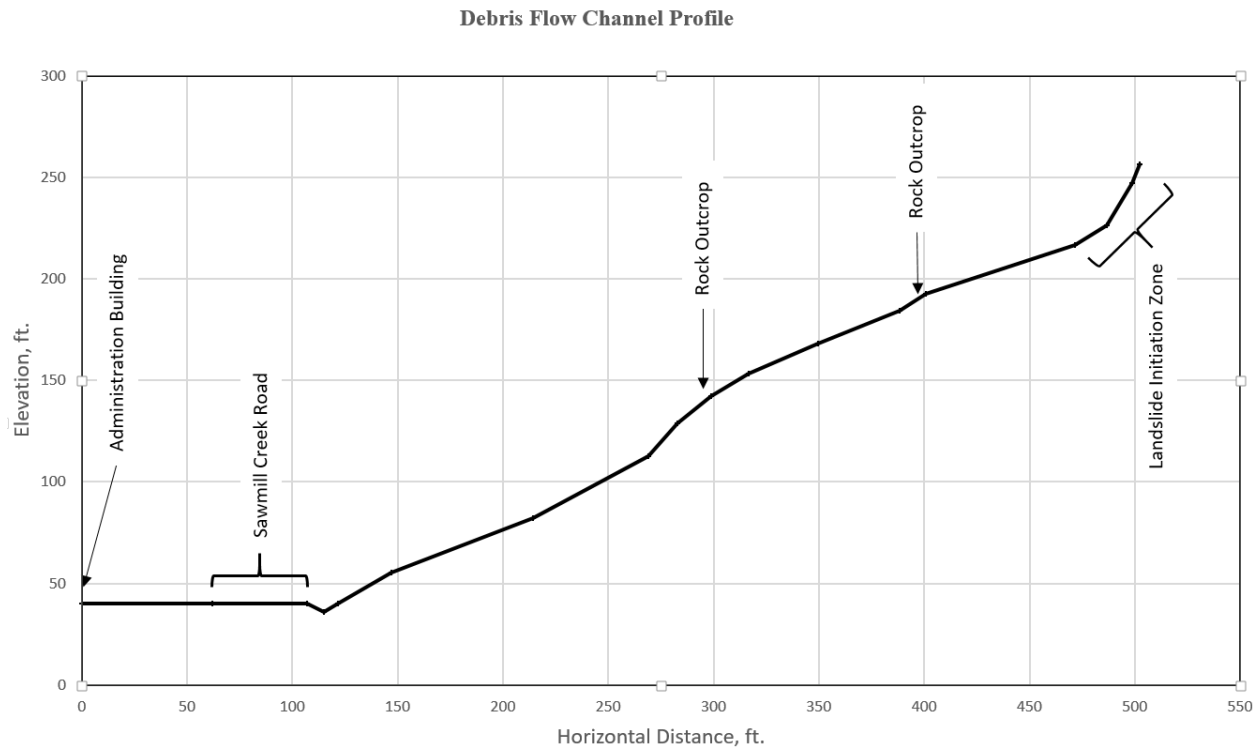
landslides along the Sawmill Creek Road Slope, and in our debris flow modelling studies. The following Table 1 summarizes the debris flow channel geometry:

**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.

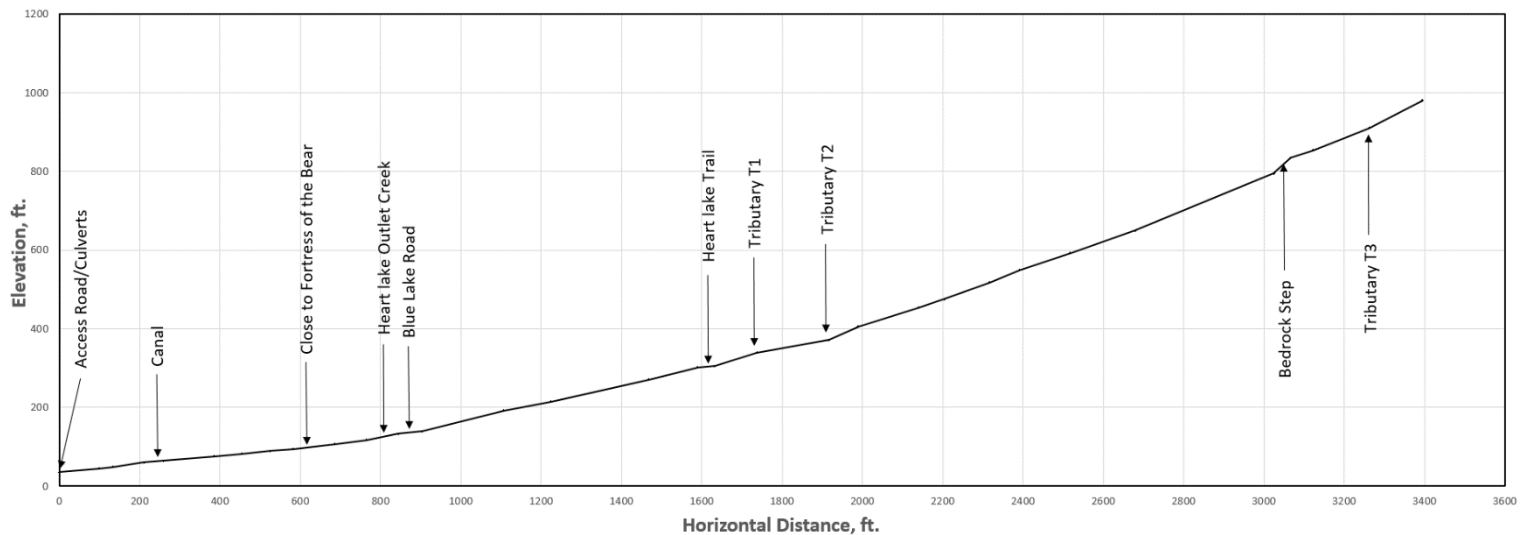
### **West Fork Sawmill Creek**

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**

<b>Location</b>	<b>Advantages</b>	<b>Disadvantages</b>
1	<ul style="list-style-type: none"> <li>Prevents most debris from impacting Sawmill Creek Road.</li> <li>Barrier away from other infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Less effective storage because of steep slopes.</li> <li>Moderate access for maintenance.</li> <li>May require special excavation equipment and drilling equipment.</li> <li>Moderate access for construction.</li> <li>Higher cost barrier.</li> </ul>
2	<ul style="list-style-type: none"> <li>Same as Location 1.</li> <li>Lower height barrier than Location 1.</li> <li>Lower cost barrier than Location 1.</li> <li>A wider flat storage area behind the barrier would facilitate maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>Moderate storage because of steep slopes.</li> <li>May require subsurface explorations to design steeper road cut.</li> <li>Excavation costs.</li> <li>Higher cost barrier.</li> </ul>
3	<ul style="list-style-type: none"> <li>Lowest cost barrier.</li> <li>Good access for construction.</li> <li>Good access for maintenance.</li> </ul>	<ul style="list-style-type: none"> <li>Would limit access to the Administration Building to the ends of the barrier.</li> <li>The barrier could be considered unsightly. That could be mitigated with landscaping.</li> <li>The barrier will require about a 10-foot width to accommodate anchorage ropes or bars.</li> </ul>

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**

<b>Barrier Model</b>	<b>Length</b>	<b>Materials Cost Per LF<sup>4</sup></b>	<b>Materials and Installation<sup>5</sup> Cost Per LF</b>	<b>Total<sup>6</sup></b>
Location 3, SL-150 – 11.5 feet high	200 feet	\$425	\$1,488	<b>\$300,000</b>
Location 3, SL-150 – 11.5 feet high	300 feet	\$425	\$1,488	<b>\$450,000</b>
Locations 1 and 2, <sup>1</sup> Custom SL-150 – 20 feet high <sup>2</sup>	120 feet	\$750	\$2,625	<b>\$315,000</b>
Locations 1 and 2, Custom UX-180 – 20 feet high <sup>3</sup>	120 feet	\$1,150	\$4,025	<b>\$485,000</b>

Notes:

<sup>1</sup>. Does not include excavation cost at Location 2.

<sup>2</sup>. Very rough estimate.

<sup>3</sup>. Cost based on a recent Geobrugg North America, LLC project in Canada.

<sup>4</sup>. LF = lineal foot

<sup>5</sup>. Cost for lower 48 states typically three times the material cost. Assume cost for Alaska is three and a half times the material cost.

<sup>6</sup>. 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

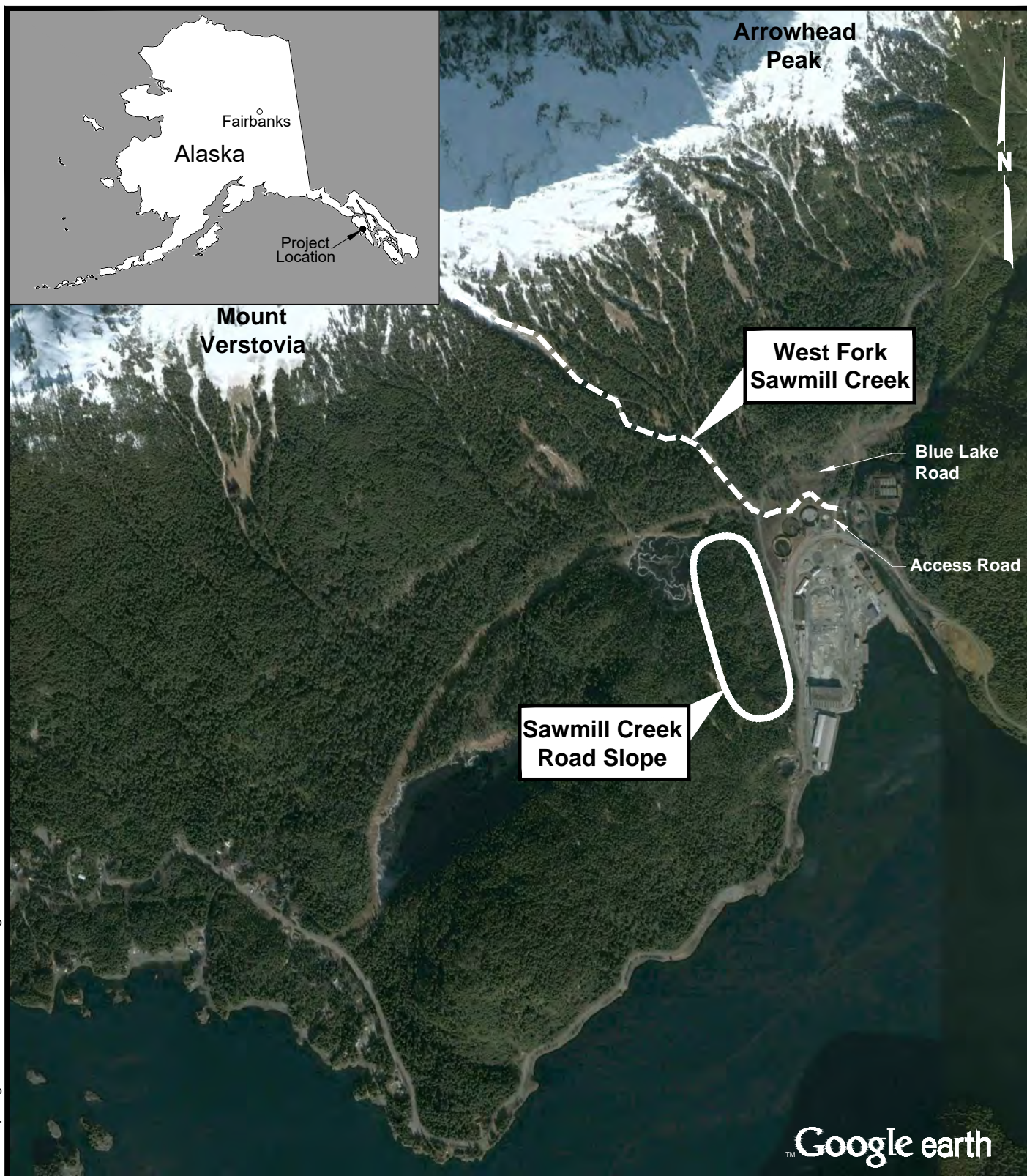
Enc: References

- 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**

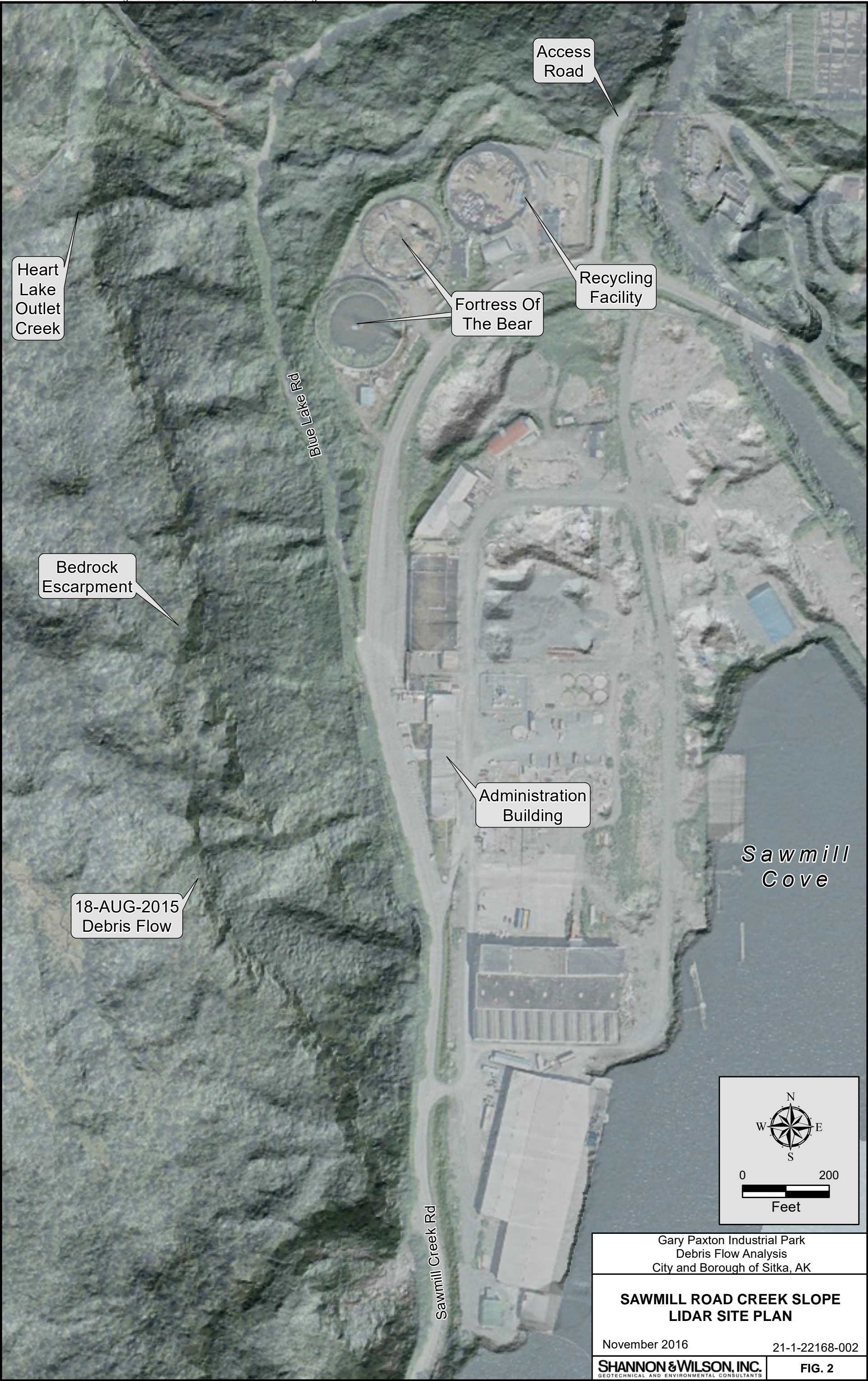
November 2016

21-1-22168-002

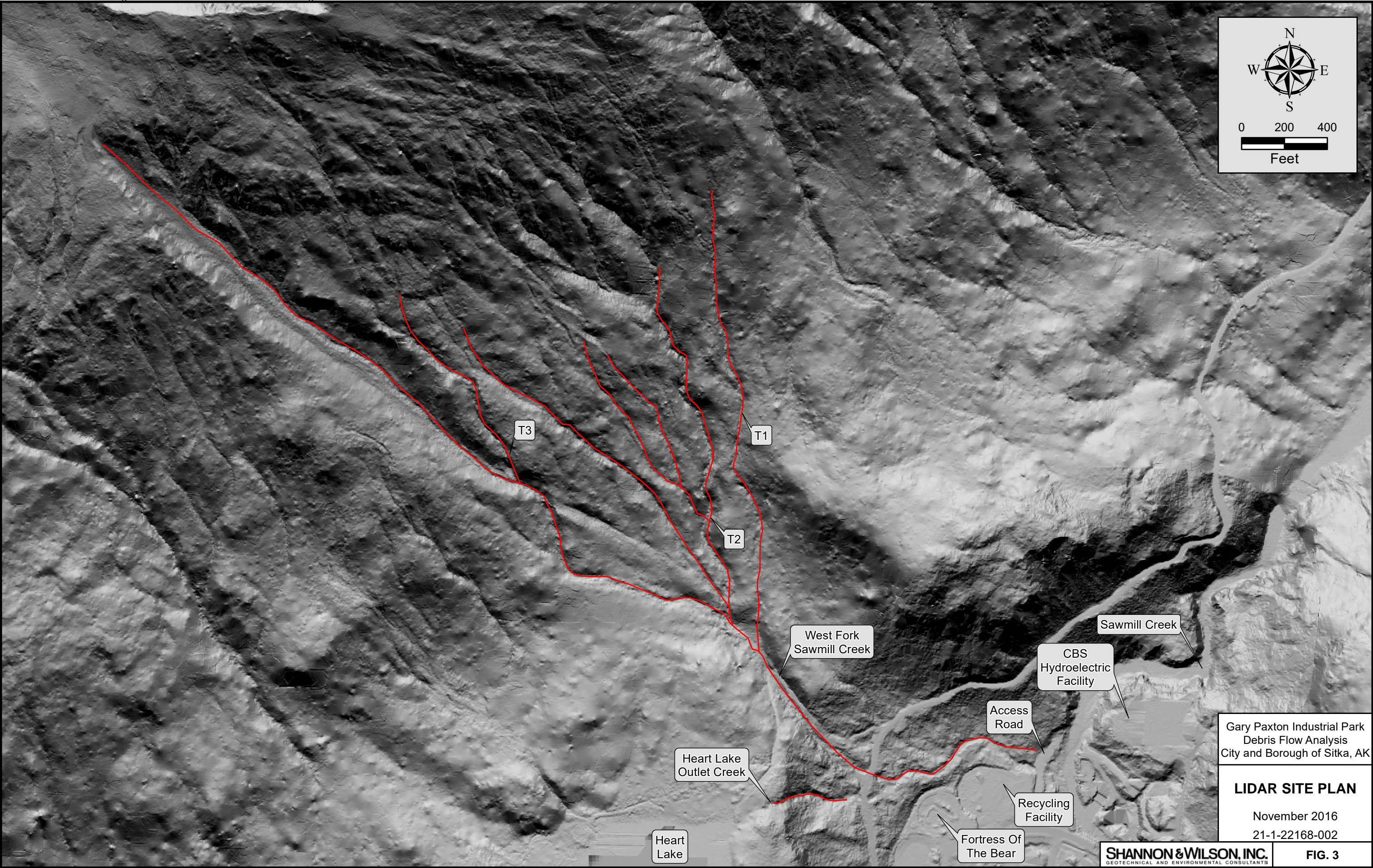
**SHANNON & WILSON, INC.**  
GEOTECHNICAL AND ENVIRONMENTAL CONSULTANTS

**FIG. 1**

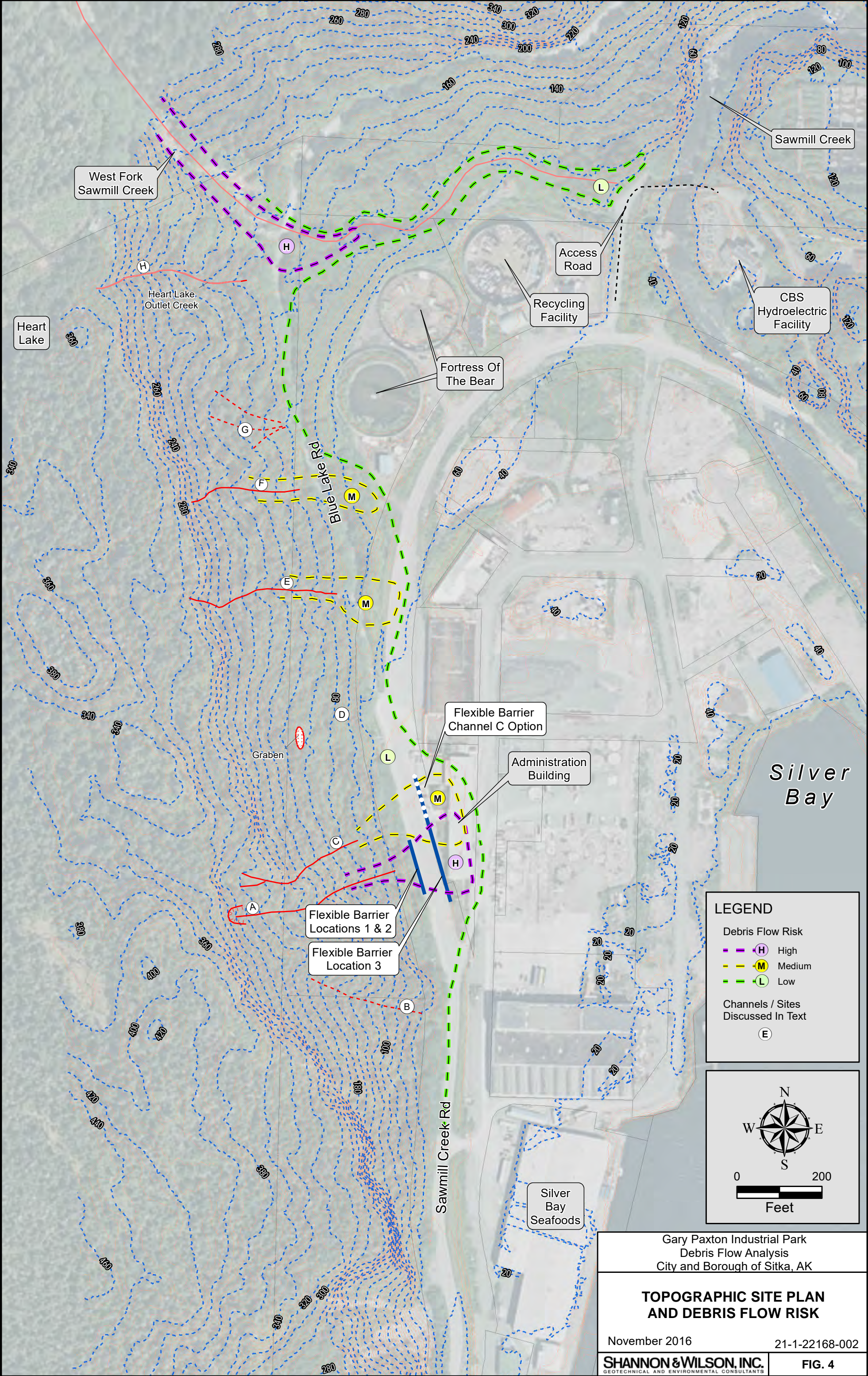
















**Photograph 1.** Debris against administration building on August 18, 2015.  
Photograph provided by CBS



**Photograph 2.** Sawmill Creek Road debris flow on August 21, 2015.  
Photograph provided by CBS

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21-1-22168-002

## SITE PHOTOGRAPHS





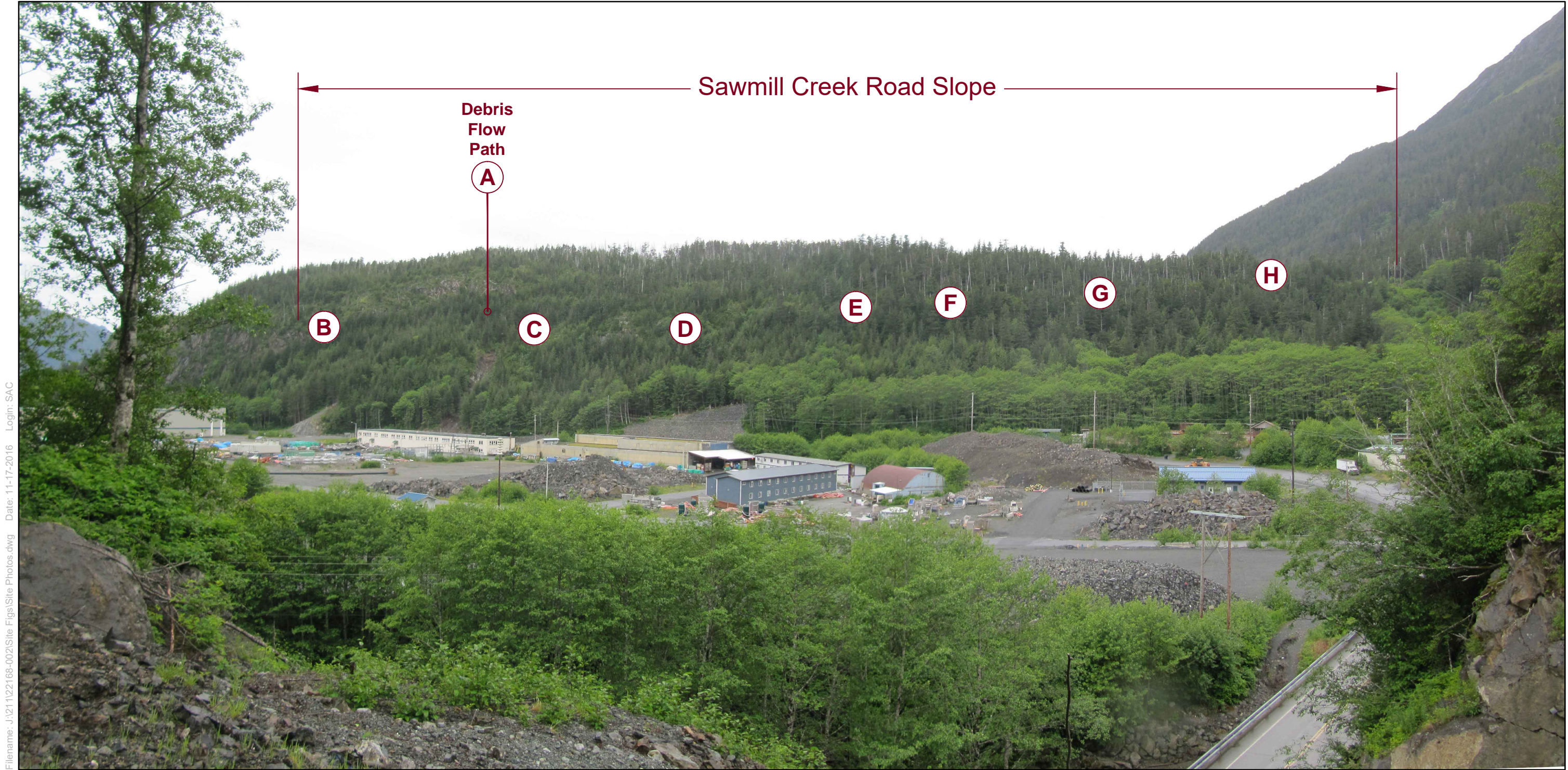
**Photograph 3.** Damage to Administration Building from Sawmill Creek Road debris flow. Photograph provided by CBS

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**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



Filename: J:\211\22168-002\Site Figs\Site Photos.dwg Date: 11-17-2016 Login: SAC

**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.

Filename: J:\211\22168-002\Site Figs\Site Photos.dwg Login: SAC  
Date: 11-17-2016



**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.

Filename: J:\211\22168-002\Site Figs\Site Photos.dwg Date: 11-17-2016 Login: SAC



**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.

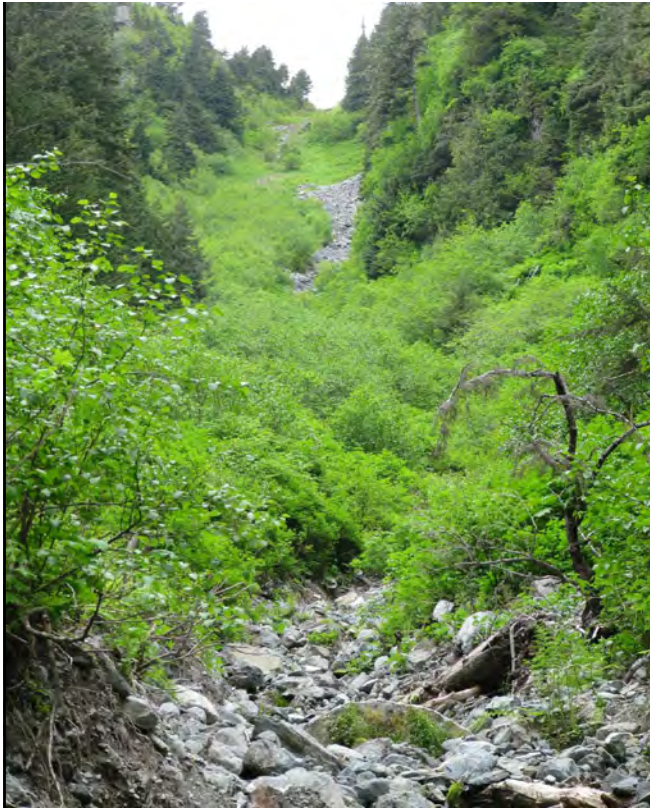


**Photograph 14.** West Fork Sawmill Creek just upstream from confluence with  
Tributary 2. Note large wood in previous unsorted  
debris flow deposits.

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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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**SITE PHOTOGRAPHS**





**Photograph 17.** Typical flexible debris flow barrier profile view.  
Beartooth Highway, 2005.

Filename: J:\211\22168-002\Site Figs\Site Photos.dwg Date: 11-17-2016 Login: SAC



**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.



Filename: J:\211\22168-002\Site Figs\Site Photos.dwg Date: 11-17-2016 Login: SAC

**Photograph 20.** Vented ford with removable concrete cover over box culvert.

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**SITE PHOTOGRAPHS**

Sheet 11 of 13



Filename: J:\211\22168-002\Site Figs\Site Photos.dwg Date: 11-17-2016 Login: SAC



**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.

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**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](http://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 3<sup>rd</sup> 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.

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.

CITY AND BOROUGH OF SITKA, ALASKA

By: P. Keith Brady  
Its: Municipal Administrator

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: \_\_\_\_\_

By:  
Its:

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 #: ORD 18-45    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

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

On agenda: 9/25/2018    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 (second and final reading)

Sponsors:

Indexes:

Code sections:

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

Date	Ver.	Action By	Action	Result
9/11/2018	1	City and Borough Assembly		



## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2018-45  
on second and final reading.




# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## 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

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### **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
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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 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 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>
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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: 9/25/2018    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 (second and final reading)

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
9/11/2018	1	City and Borough Assembly		



## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2018-46  
on second and final reading.




# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## 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.

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## MEMORANDUM

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**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

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### 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:

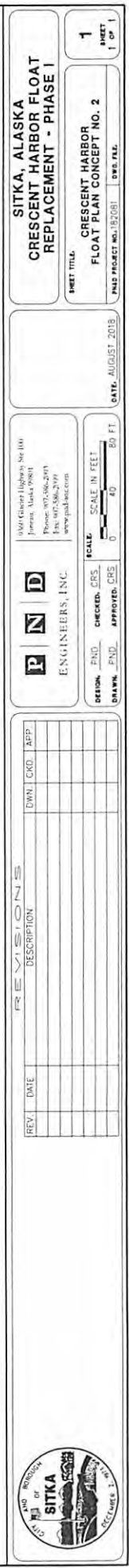
- The replacement of the harbor is required due to the existing floats and walk down ramps reaching the end of their useful life.
- The new layout replaces the existing with a layout similar to existing.
- The existing small finger floats between the walk down ramps are to be deleted because access under 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.













**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
<b>ESTIMATED CONSTRUCTION BID PRICE</b>					<b>\$11,037,330</b>
<b>CONTINGENCY (6%)</b>					<b>\$662,240</b>
					<b>\$11,699,570</b>
<b>SURVEYING &amp; GEOTECH RESEARCH</b>					<b>\$50,000</b>
<b>PERMITTING, FINAL DESIGN, CONTRACT DOCUMENTS &amp; BID PHASE</b>					<b>\$794,688</b>
<b>CONTRACT ADMINISTRATION &amp; CONSTRUCTION INSPECTION</b>					<b>\$375,269</b>
<b>MARINE MAMMAL OBSERVATIONS</b>					<b>\$75,000</b>
<b>TOTAL RECOMMENDED PROJECT BUDGET</b>					<b>\$12,994,527    \$12,994,527</b>

**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
<b>ESTIMATED CONSTRUCTION BID PRICE</b>					<b>\$201,915</b>
<b>CONTINGENCY (4%)</b>					<b>\$8,077</b>
<b>CONTRACT ADMINISTRATION &amp; CONSTRUCTION INSPECTION</b>					<b>\$10,500</b>
<b>TOTAL RECOMMENDED PROJECT BUDGET</b>					<b>\$220,491    \$13,215,018</b>

**ADDITIVE ALTERNATE B - XXX**

Item	Item Description	Units	Quantity	Unit Cost	Amount
1505.1B	Mobilization	LS	All Req'd	\$0	\$0
<b>ESTIMATED CONSTRUCTION BID PRICE</b>					<b>\$0</b>
<b>CONTINGENCY (10%)</b>					<b>\$0</b>
<b>CONTRACT ADMINISTRATION &amp; CONSTRUCTION INSPECTION</b>					<b>\$0</b>
<b>TOTAL RECOMMENDED PROJECT BUDGET</b>					<b>\$0    \$13,215,018</b>

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

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(Please print or typewrite name and address, including zip code of Transferee)

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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:

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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]"):

WITNESSETH:

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>
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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.

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Sara Peterson, MMC  
Municipal Clerk, City and Borough of Sitka



# 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: 9/25/2018    Final action:

Title: Making Supplemental Appropriations for Fiscal Year 2018 (Personnel PERS, Solid Waste Fund Operations, MIS Operations) 1st reading

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:

<b><u>FISCAL YEAR 2018 EXPENDITURE BUDGETS</u></b>
<b>GENERAL, ENTERPRISE AND INTERNAL SERVICE FUNDS</b>
<b>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.</b>
<b>Solid Waste Fund – Operations: Increase appropriations in interdepartmental services for the amount of \$3,217 to cover the Fund's overage.</b>
<b>Management Information Systems – Operations: Increase appropriations in Telephone Services for the amount of \$34,501 to cover the Fund's overage.</b>

**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**

**1<sup>st</sup> reading 9/11/18**  
**2<sup>nd</sup> 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: 9/25/2018    Final action:

Title: Making Supplemental Appropriations for Fiscal Year 2019 (Legal Department - Legal Fees) 1st reading

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:

<b><u>FISCAL YEAR 2019 EXPENDITURE BUDGETS</u></b>
<b>Legal Department – Operations: Increase appropriations in the amount of \$110,000 for Legal fees involving the personnel matter/lawsuit involving the Sitka Police Department.</b>

**EXPLANATION**

At the August 30<sup>th</sup> 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

1<sup>st</sup> reading 9/11/18

2<sup>nd</sup> and final reading 9/25/18

Sponsor: Administrator



# 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: 9/25/2018    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 (second and final reading)

Sponsors:

Indexes:

Code sections:

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

Date	Ver.	Action By	Action	Result
9/11/2018	1	City and Borough Assembly		

Sponsors: Knox / Wein / Potrzuski

**POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2018-47  
on second and final 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 4.15.010.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 25<sup>th</sup> day of September, 2018.

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Matthew Hunter, Mayor

**ATTEST:**

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Sara Peterson, MMC  
Municipal Clerk

1<sup>st</sup> reading 9/11/18

2<sup>nd</sup> 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**

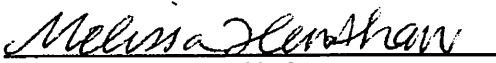
- WHEREAS**, between 500 billion and 1 trillion plastic bags are consumed worldwide each year. Sitka grocers alone distribute over 2 million plastic bags annually; and
- WHEREAS**, degrading plastics are leaching toxic chemicals such as bisphenol A into the seas, threatening ocean animals and humans 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 9<sup>th</sup> 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 18-41    Version: 1    Name:

Type: Ordinance    Status: AGENDA READY

File created: 8/8/2018    In control: City and Borough Assembly

On agenda: 9/25/2018    Final action:

Title: 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) second and final reading

Sponsors:

Indexes:

Code sections:

Attachments: [Motion and Ord 2018-41.pdf](#)  
[Minutes August 14.pdf](#)  
[Minutes August 30.pdf](#)

Date	Ver.	Action By	Action	Result
8/30/2018	1	City and Borough Assembly	POSTPONED	Pass
8/14/2018	1	City and Borough Assembly	PASSED ON FIRST READING	Pass



## **POSSIBLE MOTION**

**I MOVE TO** approve Ordinance 2018-41  
on second and final reading.

Note:

- This ordinance was approved on first reading August 14
- Second reading on August 30 was postponed to September 25 to allow the Municipal Attorney to research questions raised by the Assembly
- Minutes are attached from each meeting

CITY AND BOROUGH OF SITKA  
ORDINANCE NO. 2018-41

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA 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"

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

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

3. **PURPOSE.** The purpose of this ordinance is to add alcoholic beverages, tobacco products, and marijuana to the list of the products that are not authorized for sales tax exemptions on sales tax free day(s), if and when the assembly approves sales tax free day(s), typically held in November.

4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code section 4.09.020 "Collection of Tax" at subsection B is amended to read as follows (new language underlined; deleted language stricken):

**TITLE 4  
REVENUE AND FINANCE**

\* \* \*

**Chapter 4.09  
SALES TAX**

\* \* \*

Sections:

4.24.020 Collection of tax

\* \* \*

**4.24.020 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, alcoholic beverages, tobacco products, and marijuana, as such are defined in this code, nor affect any sale which is part of a continuing obligation of the buyer to pay the seller over time.

\* \* \*

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

**PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough of Sitka, Alaska, this 30th day of August, 2018.

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Matthew Hunter, Mayor

ATTEST:

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Sara Peterson, MMC  
Municipal Clerk

1<sup>st</sup> reading 8/14/18

2<sup>nd</sup> reading 8/30/18 postponed to 9/25/18

2<sup>nd</sup> and final reading 9/25/18

Sponsors: Hunter / Miyasato

- 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 Hall

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.

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





# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 18-165      Version: 1      Name:

Type: Item      Status: AGENDA READY

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

On agenda: 9/25/2018      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.**

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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.<sup>1</sup>

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.



# CITY AND BOROUGH OF SITKA

## Legislation Details

File #: 18-176 Version: 1 Name:  
Type: Item Status: AGENDA READY  
File created: 9/17/2018 In control: City and Borough Assembly  
On agenda: 9/25/2018 Final action:  
Title: Update from the Municipal Attorney on the Nugget Restaurant Lease  
Sponsors:  
Indexes:  
Code sections:  
Attachments: [Update Nugget.pdf](#)  
[July 24 Minutes Nugget.pdf](#)

Date	Ver.	Action By	Action	Result
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## **Update from the Municipal Attorney on the Nugget Restaurant Lease**

**XII. NEW BUSINESS:**

- F**     [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*)

Knox wished to see the issue be brought forward to the voters. Miyasato spoke in opposition and believed the increase would have a negative impact on revenues.

**A motion was made by Knox that this Ordinance be APPROVED ON FIRST READING AS PREVIOUSLY AMENDED. The motion PASSED by the following vote. (Note: Section 3.02 of the Home Rule Charter states the only way an ordinance fails on first reading is if there are four votes in opposition.)**

**Yes:** 3 - Potrzuski, Hunter, and Knox

**No:** 3 - Miyasato, Bean, and Wein

**Absent:** 1 - Eisenbeisz

- G**     [18-145](#)     Approve 1) the Extension of Agreement between the City and Borough of Sitka and the Nugget Restaurant regarding Airport Sublease and 2) the Consent To and Approval of Assignment of Sublease between the City and Borough of Sitka and the Nugget Restaurant to DPJT, Inc. (*possible executive session*)

**A motion was made to go into executive session with the Municipal Attorney to discuss legal matters affecting the municipality with respect to the Nugget Restaurant sublease at the Sitka Rocky Gutierrez Airport, the immediate knowledge of which would adversely affect the finances of the municipality. The motion PASSED by the following vote.**

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

**Absent:** 1 - Eisenbeisz

The Assembly was in executive session from 6:55pm to 7:15pm.

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

**The Assembly requested an update on the sublease from the Municipal Attorney at the September 25 Assembly meeting.**

**A motion was made by Bean to APPROVE the Extension of Agreement between the City and Borough of Sitka and the Nugget Restaurant regarding Airport Sublease and APPROVE the Consent To and Approval of Assignment of Sublease between the City and Borough of Sitka and the Nugget Restaurant to DPJT, Inc. The motion PASSED by the following vote.**

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

**Absent:** 1 - Eisenbeisz





# CITY AND BOROUGH OF SITKA

## Legislation Details

File #: 18-181 Version: 1 Name:

Type: Item Status: AGENDA READY

File created: 9/18/2018 In control: City and Borough Assembly

On agenda: 9/25/2018 Final action:

Title: Discussion / Direction / Decision of the Administrator's annual recommended transfer to the Public Infrastructure Sinking fund

Sponsors:

Indexes:

Code sections:

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

Date	Ver.	Action By	Action	Result
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## **Step 1**

### **Discussion~Direction~Decision of the Administrator's Annual Recommended Transfer to the Public Infrastructure Sinking Fund.**

Note: An amount of \$679,320 is available for potential transfer. The Municipal Administrator is recommending a transfer not be made – see attached memo and SGC Chapter 4.45.

## **Step 2**

**I MOVE TO** transfer \$0 based on the recommendation of the Municipal Administrator.



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

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## MEMORANDUM

**To:** Mayor Hunter and Assembly Members  
**From:** Keith Brady, Municipal Administrator  
**Date:** September 21, 2018  
**Subject:** Transfer to Public Infrastructure Sinking Fund

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### Executive Summary

Accompanying this memorandum is my recommendation of an amount of the General Fund balance available for transfer into the Public Infrastructure Sinking Fund (PISF). For FY2019, no transfer is being recommended.

### Background and Discussion

Per SGC 4.45.020, Determination of the required balance of the public infrastructure sinking fund, the following analysis must be accomplished annually:

*"Within ninety days after the start of each fiscal year, the administrator shall prepare an analysis of the general fund balance with an accompanying recommendation as to an amount of the general fund balance available for potential transfer to the public infrastructure sinking fund. This analysis shall first take into account any portions of the general fund restricted by Chapter 4.44A before recommending any further amounts for potential transfer to the public infrastructure sinking fund."*

Per 4.45.030, Assembly action, actions resulting from the Administrator's recommendation and incumbent responsibilities are as follows:

*"Within sixty days after presentation of the annual analysis by the administrator, the amount determined by the administrator shall automatically be transferred to the public infrastructure sinking fund, unless a super majority of the assembly votes to change the recommended amount."*

Per 4.45.040, Assembly shall annually appropriate from the PISF for General Fund Capital Projects.

*"The assembly shall annually appropriate an amount from the public infrastructure sinking fund to be used exclusively for the repair and replacement of general fund municipal buildings, streets, sidewalks, parking lots, and parks as recommended by the administrator in his annual budget."*

4.45.050 Emergency transfer of the sinking fund.

*"The assembly shall have the authority to transfer any portion of the public infrastructure sinking fund to the general fund in the case of an emergency threatening public health, safety, or welfare which requires use of public funds. Such a transfer shall require an approval of a super majority of the assembly."*

The attached analysis of the amount of the General Fund balance has been prepared by Jay Sweeney, and it indicates that an amount of \$679,320 is available for potential transfer to the PISF. This money is set aside when there is a surplus so that Public Works has funding to help alleviate the significant back log in maintaining the CBS infrastructure (deferred maintenance) for General Fund Capital Projects for buildings, streets, sidewalks, parking lots, and parks.

There is a potential this year (FY19) of running a deficit budget—contributing factors are unforeseen expenses relating to the hospital sale and the potential reinstatement of the senior tax exemption. Should we run a deficit next year and have put this year's surplus into the PISF, then we will further reduce the amount of undesignated working capital in the general fund, which has already been decreasing.

A pro would be to ensure that there is at least some funding available for general fund capital projects in what is sure to be another difficult budget year. This con here is that it would take a super majority to appropriate money out of the PISF, should additional expenses/further deficit arise, which would further reduce the level of Undesignated Fund Balance.

### **Recommendation**

In consideration of all this, I am recommending no transfer to the PISF. However, rather than leave it in Unrestricted Fund Balance, I want to track the balance by setting up a line item in the General Fund Interim Financial Statements for internal tracking. This will help us be able to track this portion of fund balance for infrastructure for next year.

City and Borough of Sitka  
 Administrator's Recommendation of Assets Available For Transfer  
 to the Public Infrastructure Sinking Fund  
 FY2019

	FY18 Annual Operating Outlays Less <u>Transfers</u>	Divided By <u>Four</u>	
Total Expenses:	\$ 27,747,465		
Less Interfund Transfers	\$ 4,421,799		
	\$ 23,325,666	\$ 5,831,417	
Assets available for transfer to the public infrastructure sinking fund are computed as follows:			
All assets in the General Fund as of 6/30/2018			\$ 17,737,066
Less:			
Receivables and taxes collected but not yet remitted:			\$ (4,062,648)
Advances and amounts due from other funds and component units			\$ (625,913)
Seasonal 1% Sales Tax Transfer Not Yet recorded:			\$ (1,308,084)
Prepaid expenses:			\$ -
Total Liabilities			\$ (1,703,635)
FY2018 6/30/18 General fund encumbrances which do not lapse (by Charter)			\$ (133,998)
Committed fund balance for 90 days operating expenses designated for liquidity (from above)			\$ (5,831,417)
Committed fund balance for catastrophic emergency response			\$ (1,924,087)
Other nonspendable, restricted, committed, and assigned fund balances			\$ (1,190,277)
Less FY18 Budget Carryovers (approved ORD 2018-37)			\$ (122,735)
Less FY19 Budgeted Deficit (use of fund balance)			\$ (154,953)
Potential Assets Available For Transfer :			\$ 679,320
Less unknown requirement for SCH business sale expenses:			\$ (679,320)
Administrator Recommended Transfer:			\$ -

Basic reason for having available surplus funds for transfer:

General Fund FY2018 Performance:

	<u>Budgeted</u>	<u>Actual</u>	<u>Difference</u>	
Revenues	\$ 27,039,340	\$ 28,999,660	\$ 1,960,320	
Expenditures	\$ 28,474,015	\$ 27,747,465	\$ 726,550	<---Only spent 97.5% of budget (93% in FY17)
			\$ 2,686,870	



**City and Borough of Sitka**  
**History of Transfers to and From Public Infrastructure Sinking Fund**

<u>Year</u>	<u>Transfers</u> <u>In</u>	<u>Investment</u> <u>Earnings</u>	<u>Transfers</u> <u>Out</u>	<u>Ending</u> <u>Balance</u>
2013	\$ 822,776.00	\$ 27,030.00	\$ -	\$ 849,806.00
2014	\$ 653,219.00	\$ (4,095.00)	\$ (1,480,544.00)	\$ 18,386.00
2015	\$ 1,650,000.00	\$ 54,277.00	\$ -	\$ 1,722,663.00
2016	\$ 1,000,000.00	\$ 37,576.00	\$ (1,630,000.00)	\$ 1,130,239.00
2017	\$ -	\$ 16,520.00	\$ (1,120,000.00)	\$ 26,759.00
2018	\$ 1,100,000.00	\$ 17,439.00	\$ -	\$ 1,144,198.00
Budgeted/Proposed				
2019	\$ -	\$ 17,439.00	\$ (1,000,000.00)	\$ 161,637.00

Use of Transfers Out

2014	\$ 1,480,544.00	Edgecumbe Drive Street Paving
2016	\$ 1,630,000.00	Multi-Street Paving
2017	\$ 1,120,000.00	Multi-Street Paving

## FY18 Historical Comparison

City and Borough of Sitka  
Administrator's Recommendation of Assets Available For Transfer  
to the Public Infrastructure Sinking Fund

	FY17 Annual Operating Outlays Less <u>Transfers</u>	Divided By <u>Four</u>	
Total Expenses:	\$ 28,043,012		
Less Interfund Transfers	\$ 4,136,323		
	\$ 23,906,689	\$ 5,976,672	
Assets available for transfer to the public infrastructure sinking fund are computed as follows:			
All assets in the General Fund as of 6/30/2017			\$ 17,301,631
Less:			
Receivables and taxes collected but not yet remitted:			\$ (3,693,219)
Advances and amounts due from other funds and component units			\$ (824,414)
Prepaid expenses:			\$ (1,134)
Total Liabilities			\$ (1,756,491)
FY2017 6/30/17 General fund encumbrances which do not lapse (by Charter)			\$ (126,811)
Committed fund balance for 90 days operating expenses designated for liquidity (from above)			\$ (5,976,672)
Committed fund balance for catastrophic emergency response			\$ (1,375,586)
Other nonspendable, restricted, committed, and assigned fund balances			\$ (1,724,717)
Less FY16 Budget Carryovers (approved ORD 2017-23)			\$ (345,250)
Less FY17 Budgeted Deficit (use of fund balance)			\$ (345,778)
Potential Assets Available For Transfer :			<u>\$ 1,131,559</u>
Administrator Recommended Transfer:			<u>\$ 1,100,000</u>

Basic reason for having available surplus funds for transfer:

General Fund FY2017 Performance:

	<u>Budgeted</u>	<u>Actual</u>	<u>Difference</u>	
Revenues	\$ 28,730,951	\$ 29,067,507	\$ 336,556	
Expenditures	\$ 30,245,849	\$ 28,043,012	<u>\$ 2,202,837</u>	<---Only spent 93% of budget
			<u>\$ 2,539,393</u>	



# CITY AND BOROUGH OF SITKA

## Legislation Details

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File #: 18-178      Version: 1      Name:

Type: Item      Status: AGENDA READY

File created: 9/17/2018      In control: City and Borough Assembly

On agenda: 9/25/2018      Final action:

Title: Legal matter: contract with the Greater Sitka Chamber of Commerce to provide Convention and Visitor Bureau Services

Sponsors:

Indexes:

Code sections:

Attachments: [Motion exec sess and July 10 minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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## **EXECUTIVE SESSION**

**I MOVE** to go into executive session\* to discuss financial and legal matters affecting the municipality with respect to the municipalities contractual relationship with the Greater Sitka Chamber of Commerce, Inc., the immediate knowledge of which would adversely affect the finances of the municipality, and/or communications with the Municipal Attorney concerning legal matters affecting the municipality or legal consequences of past, present or future municipal actions.

**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.

**Yes:** 6 - Miyasato, Eisenbeisz, Hunter, Knox, Bean, and Wein

**Absent:** 1 - Potrzuski

- A**     [18-131](#)            Approve the minutes of the June 26 Assembly meeting

**This item was APPROVED ON THE CONSENT AGENDA.**

- B**     [18-132](#)            Approve a standard marijuana cultivation facility license renewal for Michael Daly dba Northern Lights Indoor Gardens, LLC at 1321 Sawmill Creek Road Suite O and P

Eisenbeisz recused himself from the item, noting he was in business with the entity.  
Mayor Hunter noted the thorough amount of paperwork from the state.

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

**Yes:** 5 - Miyasato, Hunter, Knox, Bean, and Wein

**Absent:** 1 - Potrzuski

**Recused:** 1 - Eisenbeisz

- C**     [18-133](#)            Approve a retail marijuana store license renewal for Michael Daly dba Northern Lights Indoor Gardens, LLC at 1321 Sawmill Creek Road Suite O and P

Eisenbeisz recused himself from the item, noting he was in business with the entity.

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

**Yes:** 5 - Miyasato, Hunter, Knox, Bean, and Wein

**Absent:** 1 - Potrzuski

**Recused:** 1 - Eisenbeisz

- D**     [18-134](#)            Approve a retail marijuana store license renewal for Anna M Cleaver dba Weed Dudes at 1321 Sawmill Creek Road Suite J

**This item was APPROVED ON THE CONSENT AGENDA.**

**X.     BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

None.

**XI.    UNFINISHED BUSINESS:**

- E**     [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)**

Municipal Attorney Hanson recommended going into executive session to discuss contract negotiations and terms.

John Stein and Ann Bills, wondered why the Greater Sitka Chamber of Commerce and Visit Sitka staff were not invited in.

**A motion was made by Miyasato to go into executive session to discuss legal matters affecting the municipality with respect to the municipalities contractual relationship with the Greater Sitka Chamber of Commerce, Inc., the immediate knowledge of which would adversely affect the finances of the municipality, and/or communications with the Municipal Attorney concerning legal matters affecting the municipality or legal consequences of past, present or future municipal actions, and invite in if desired and when ready, Don Kluting and Maegan Bosak.**

**Yes:** 6 - Miyasato, Eisenbeisz, Hunter, Knox, Bean, and Wein

**Absent:** 1 - Potrzuski

The Assembly was in executive session from 6:33 p.m. to 7:33 p.m.

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

Ann Bills, John Stein, Regional Director of Sales and Marketing for Aspen Hotels of Alaska Carol Fraser, Andrew Thoms, Jim Michener, Executive Director of Alaska Raptor Center Jennifer Cross, Sheila Finkenbinder, Brit Galanin, Kevin Mosher, Lana Petersen were not in support of the month to month contract. Executive Director of the Chamber and Visit Sitka Rachel Roy told of goals, metrics to execute contract, marketing plan, reports provided, the request for proposals, and encouraged current or increased funding. John Dunlap was in support of Visit Sitka and cautioned the assembly to make sure city funds were being used wisely and for the benefit of all. Chris Spivey was in support of the Chamber and Visit Sitka and reminded that the Comprehensive Plan stated the need for strong marketing.

Wein was not in favor of the month to month contract, but that it allowed the opportunity to negotiate a new contract. He noted the budget for tourism needed to be increased and should be a focus. Eisenbeisz expressed that the month to month contract was less than ideal, however with the situation, there was still work to do with regards to the contract. Knox did not disagree that a month to month contract was less than ideal, however the contract needed more work to be long term. Bean indicated that the month to month did not mean that less money should be spent on marketing Sitka, but that there was more negotiating that was needed to make the contract better for the people of Sitka. Miyasato agreed and asked for patience for a better contract to be negotiated. Mayor Hunter thanked the parties involved, noted the remarkable changes in marketing and thanked staff. He stated the contract needed to be done right before signing long term.

**A motion was made by Bean to direct the Administrator to negotiate a month to month contract with staff reporting back at the September 11, 2018 regular assembly meeting. The motion PASSED by the following vote.**

**Yes:** 6 - Miyasato, Eisenbeisz, Hunter, Knox, Bean, and Wein

**Absent:** 1 - Potrzuski



**A motion was made by Eisenbeisz to appoint an Assembly Liaison for contract negotiations with the Greater Sitka Chamber of Commerce regarding visitor services. The motion PASSED by the following vote.**

**Yes:** 6 - Miyasato, Eisenbeisz, Hunter, Knox, Bean, and Wein

**Absent:** 1 - Potrzuski

**F**      [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

Wein was in support to rescind and stated this was a lease that was negotiated and approved by the Gary Paxton Industrial Park Board of Directors. He told of circumstances at the last meeting of time constraints and he had concerns that there was decision fatigue. Bean agreed with the time constraints at the last meeting, however, was still not in support of the lease. He stated storage was not creating jobs which was not the vision and purpose of the park, and commented that Trident would not sell their fish in Sitka. Eisenbeisz and Knox were not in favor of the idea to rescind a motion. Mayor Hunter realized that this storage would be for boats that do not process fish in Sitka, therefore, the raw fish tax money would not stay in Sitka and noted lack of job creation for the purpose of storage. He stated it would take five affirmative votes to rescind. Wein agreed with the short term lease of three years, and said just because they weren't going to process here, didn't mean that they shouldn't have a lease.

**A motion was made by Wein to rescind the motion that failed at the June 26 Assembly meeting to 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. The motion FAILED by the following vote.**

**Yes:** 1 - Wein

**No:** 5 - Miyasato, Eisenbeisz, Hunter, Knox, and Bean

**Absent:** 1 - Potrzuski

**XII. NEW BUSINESS:**

**G**      [18-137](#)

Approve the proposed adjustments to the Gary Paxton Industrial Park Port Tariff No. 1

Eisenbeisz was in support of the proposed adjustments. Garry White, Gary Paxton Industrial Park Director stated that these adjustments were a work in progress, the goal to make the facility user friendly for the community, and to have rules and regulations that benefit users.

**A motion was made by Miyasato to approve, as recommended by the Gary Paxton Industrial Park Board, the proposed adjustments to the GPIIP Port Tariff Fee Schedule No. 1. The motion PASSED by the following vote.**

**Yes:** 6 - Miyasato, Eisenbeisz, Hunter, Knox, Bean, and Wein

**Absent:** 1 - Potrzuski