



Petersburg Borough

12 South Nordic Drive
Petersburg, AK 99833

Meeting Agenda Borough Assembly Regular Meeting

Tuesday, February 22, 2022

6:00 PM

Assembly Chambers

You are invited to a Zoom webinar.
When: Feb 22, 2022 06:00 PM Alaska
Topic: February 22, 2022 Assembly Meeting

Please click the link below to join the webinar:

[https://petersburgak-
gov.zoom.us/j/88621899125?pwd=NnlxcVRGbWwwVkVYRmpnK05xRWpDZz09](https://petersburgak.gov.zoom.us/j/88621899125?pwd=NnlxcVRGbWwwVkVYRmpnK05xRWpDZz09)

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(720) 707-2699 or (253) 215-8782

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1. **Call To Order/Roll Call**
2. **Voluntary Pledge of Allegiance**
3. **Approval of Minutes**
 - A. February 7, 2022 Assembly Meeting Minutes**
4. **Amendment and Approval of Meeting Agenda**
5. **Public Hearings**
 - A. Public Hearing for Ordinance #2022-01: An Ordinance Authorizing the Issuance of Electric Utility Revenue Bonds of Petersburg Borough Electric Utility**

Any public testimony regarding Ordinance #2022-01 should be given during this public hearing. A copy of Ordinance #2022-01 may be found under agenda item 14A.
6. **Bid Awards**
 - A. Caterpillar 399 In-Frame Overhaul Award**

Utility Director Hagerman requests award to overhaul one of Power & Light's diesel generators to NC Machinery/NC Power Systems for an amount not to exceed \$158,572.11.

7. Persons to be Heard Related to Agenda

Persons wishing to share their views on any item on today's agenda may do so at this time.

8. Persons to be Heard Unrelated to Agenda

Persons with views on subjects not on today's agenda may share those views at this time.

9. Boards, Commission and Committee Reports

10. Consent Agenda

11. Report of Other Officers

A. Southeast Conference Mid-Session Summit and Transportation Symposium Report

Assembly Member Kensinger will provide a report of his attendance at the Southeast Conference Mid-Session Summit.

B. Public Safety Advisory Board Meeting Report

Assembly Member Meucci will provide a report on the recent Public Safety Advisory Board meeting.

12. Mayor's Report

A. February 22, 2022 Mayor's Report

13. Manager's Report

A. February 22, 2022 Manager's Report

14. Unfinished Business

A. Ordinance #2022-01: An Ordinance Authorizing the Issuance of Electric Utility Revenue Bonds of Petersburg Borough Electric Utility - Second Reading

If adopted, Ordinance #2022-01 will authorize the issuance of electric utility revenue bonds of Petersburg Borough Electric Utility (the "Electric Utility") in an aggregate principal amount not to exceed \$7,800,000, to finance: (i) improvements to the Electric Utility system's Blind Slough plant and the Scow Bay Standby Generation project, and to pay incidental costs incurred in connection with carrying out such improvements (the "Project"); and (ii) to pay the costs incident to financing the Project, including providing for a debt service reserve, if necessary, and paying the costs of issuance of the bonds, all as authorized by Ordinance #2021-12 of the Borough Assembly and ratified by the Borough's voters at an election held therein on October 5, 2021; authorizing the pledge of Net Revenue of the Electric Utility to pay debt service on the bonds; providing for the date, terms and covenants of the bonds; authorizing the sale of the bonds to the Alaska Municipal Bond Bank on the terms and conditions provided

in this ordinance; and establishing an effective date. Ordinance #2022-01 was unanimously approved in its first reading.

15. New Business

A. Ordinance #2022-02: An Ordinance Amending Section 2.20.050 of the Petersburg Municipal Code, Entitled "Restrictions on Dual Office Holding", to Prohibit an Assembly Member from Being a Candidate for Mayor Unless the Assembly Member First Resigns from the Assembly, Except Where the Assembly Member's Term Ends Concurrently with that of the Incumbent Mayor - First Reading

If adopted, Ordinance #2022-02 will require an Assembly Member to resign their Assembly seat before filing a declaration of candidacy for the office of Mayor.

B. Ordinance #2022-03: An Ordinance Amending Petersburg Municipal Code Chapter 14.20, Entitled "Municipal Harbors", to Increase Harbor Fees

Adoption of Ordinance #2022-03 will increase harbor moorage and use fees effective May 1, 2022.

C. FY 2023 Priority Petersburg Borough Federal Projects

Manager Giesbrecht requests amendment and/or approval of Petersburg Borough's FY 2023 priority federal projects.

D. Wastewater Discharge Permit Letter to Governor Dunleavy

Petersburg has maintained a Clean Water Act secondary treatment 301h waiver through the Environmental Protection Agency (EPA) since 1988. During the current waiver renewal process, Petersburg learned the Alaska Department of Environmental Conservation (ADEC) will require 301h waived treatment plants to meet State water quality standards due to an EPA third party study that concluded existing mixing zones, which in the past allowed for adequate dilution of wastewater, no longer meet Alaska's water quality standards. ADEC will now require Petersburg, along with eight other Alaskan communities, to add treatment in the form of disinfection of our effluent to reduce fecal coliform concentrations at our discharge point, the cost of which will impact the operation and funding of our wastewater utility and our rate payers substantially.

E. Childcare Work Session

Assembly Member Meucci wishes to schedule a work session, possibly on Wednesday, March 23, to discuss childcare issues and consider implementation of helpful suggestions such as:

A flexible spending account which allows Borough employees to set aside pre-tax earnings in a fund to be used for childcare expenses, with the option of employer contributions to such a fund.

A program to offer nonprofit childcare providers a utility reimbursement program. This would cover the childcare provider's place of operations.

A program to offer employees of nonprofit childcare providers discounts for residential heating assistance based on employment status.

A reimbursement program for nonprofit childcare providers to participate in quality improvement programs.

16. Communications

A. Correspondence Since February 3, 2022

17. Assembly Discussion Items

A. Borough Employees as Elected Board Members

Assembly Member Meucci requested a discussion regarding what would need to change to allow Borough employees to serve on elected Borough boards.

Borough Charter Section 2.10(A) reads as follows:

A. *Other Public Offices, Employment or Contracts.* Except to the extent otherwise provided by state law, no borough assembly member or mayor shall hold any other elected borough office, any other compensated borough office or any borough employment during term of office. Other than membership on an appointed committee, board or commission, no borough assembly member or the mayor shall be hired or appointed to any compensated borough office or borough employment for a period of one year after vacating office.

Borough Charter Section 7.01(D), Section 8.02(C), and Section 9.02(C) state, "The provisions of this Charter applicable to the assembly members and mayor apply to (planning commission, school board, hospital board) members to the extent permitted by law.

Therefore, as written, members of the Borough Assembly, Planning Commission, School Board and Hospital Board may not be Borough employees. To change the Charter, a ballot measure must be passed by Petersburg Borough voters at a municipal election.

B. Community Clean Up Week / Baler Voucher System

Assembly Member Meucci requested a discussion regarding a possible Community Clean Up Week and the current Baler voucher system.

C. Police Department Retention Report

Assembly Member Meucci requests a discussion regarding the status and content of the Police Department retention report being researched and drafted by Manager Giesbrecht.

D. Assembly Member Comments

E. Recognitions

18. Adjourn



Petersburg Borough

12 South Nordic Drive
Petersburg, AK 99833

Meeting Minutes Borough Assembly Regular Meeting

Monday, February 07, 2022

12:00 PM

Assembly Chambers

1. Call To Order/Roll Call

Mayor Jensen called the meeting to order at 12:00 p.m.

PRESENT

Assembly Member Bob Lynn
Assembly Member Chelsea Tremblay
Assembly Member David Kensinger
Vice Mayor Jeigh Stanton Gregor
Assembly Member Jeff Meucci
Mayor Mark Jensen
Assembly Member Thomas Fine-Walsh

2. Voluntary Pledge of Allegiance

The Pledge was recited.

3. Approval of Minutes

A. January 18, 2022 Assembly Meeting Minutes

The January 18, 2022 meeting minutes were unanimously approved.

Motion made by Assembly Member Meucci, Seconded by Assembly Member Tremblay.

Voting Yea: Assembly Member Lynn, Assembly Member Tremblay, Assembly Member Kensinger, Vice Mayor Stanton Gregor, Assembly Member Meucci, Mayor Jensen, Assembly Member Fine-Walsh

4. Amendment and Approval of Meeting Agenda

The agenda was amended to add an Assembly Discussion Item titled Police Department Retention & Employee Survey. The agenda, as amended, was unanimously approved.

Motion made by Assembly Member Meucci, Seconded by Assembly Member Tremblay.
Voting Yea: Assembly Member Lynn, Assembly Member Tremblay, Assembly Member Kensinger, Vice Mayor Stanton Gregor, Assembly Member Meucci, Mayor Jensen,

Assembly Member Fine-Walsh

5. Public Hearings

There were no public hearings.

6. Bid Awards

There were no bid awards.

7. Persons to be Heard Related to Agenda

Persons wishing to share their views on any item on today's agenda may do so at this time.

Tonna Parker, Michele Pfundt, Sarah Reid and Brittnei Caulum spoke in opposition of the proposed review of the Police Department by the Public Safety Advisory Board.

Drew Ayriss, Eric Wolf, Jay Beasley (on behalf of Barbara Beasley) and James Kerr shared their views regarding employee recruitment, wages and retention in the Police Department.

8. Persons to be Heard Unrelated to Agenda

Persons with views on subjects not on today's agenda may share those views at this time.

Dana Thynes and Michele Pfundt spoke about the Freedom Convoy held on Sunday, February 6, 2022.

Petersburg Volunteer Fire Department Chief Stolpe gave a report to the Assembly regarding Department activities during calendar year 2021.

9. Boards, Commission and Committee Reports

No reports were given.

10. Consent Agenda

There were no Consent Agenda items.

11. Report of Other Officers

Note: to allow Ms. Kawashima and Ms. Bennett to return to work before 1:00 p.m., Mayor Jensen reordered the Report of Other Officers agenda items as follows: Humanity in Progress; PMC Phil Hofstetter; Assembly Member Meucci.

A. Humanity in Progress

Ashley Kawashima will provide a report.

Ashley Kawashima and Annette Bennett reported on the recent Project Connect Point in Time Event.

B. Petersburg Medical Center Update

PMC CEO Hofstetter reported on Medical Center activities, including that SEARHC will present to the PMC Board in March.

C. Harbors and Ports Advisory Board

Assembly Member Meucci, as liaison to the Harbors and Ports Advisory Board, reported on a meeting held February 1, 2022.

12. Mayor's Report

A. February 7, 2022 Mayor's Report

Mayor Jensen read his report into the record.

13. Manager's Report

A. February 7, 2022 Manager's Report

Manager Giesbrecht read his report into the record, a copy of which is attached and made a permanent part of these minutes.

14. Unfinished Business

There was no Unfinished Business.

15. New Business

A. Ordinance #2022-01: An Ordinance Authorizing the Issuance of Electric Utility Revenue Bonds of Petersburg Borough Electric Utility - First Reading

If adopted, Ordinance #2022-01 will authorize the issuance of electric utility revenue bonds of Petersburg Borough Electric Utility (the "Electric Utility") in an aggregate principal amount not to exceed \$7,800,000, to finance: (i) improvements to the Electric Utility system's Blind Slough plant and the Scow Bay Standby Generation project, and to pay incidental costs incurred in connection with carrying out such improvements (the "Project"); and (ii) to pay the costs incident to financing the Project, including providing for a debt service reserve, if necessary, and paying the costs of issuance of the bonds, all as authorized by Ordinance No. 2021-12 of the Borough Assembly and ratified by the Borough's voters at an election held therein on October 5, 2021; authorizing the pledge of Net Revenue of the Electric Utility to pay debt service on the bonds; providing for the date, terms and covenants of the bonds; authorizing the sale of the bonds to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance; and establishing an effective date.

By unanimous roll call vote, Ordinance #2022-01 was unanimously approved in its first reading.

Motion made by Assembly Member Meucci, Seconded by Assembly Member Tremblay.

Voting Yea: Assembly Member Lynn, Assembly Member Tremblay, Assembly Member Kensinger, Vice Mayor Stanton Gregor, Assembly Member Meucci, Mayor Jensen, Assembly Member Fine-Walsh

B. Public Safety Advisory Board Review

Authorization for a review of the Police Department by the Public Safety Advisory Board failed by a vote of 4-3.

Motion made by Assembly Member Meucci, Seconded by Assembly Member Fine-Walsh.

Voting Yea: Assembly Member Kensinger, Assembly Member Meucci, Assembly Member Fine-Walsh

Voting Nay: Assembly Member Lynn, Assembly Member Tremblay, Vice Mayor Stanton Gregor, Mayor Jensen

C. Funding of Parks and Recreation Passes for Employees of Nonprofit Childcare Providers

Approval to offer Parks & Recreation Community Center Passes free to employees of nonprofit childcare providers passed by a vote of 4-3.

Motion made by Assembly Member Meucci, Seconded by Assembly Member Tremblay.

Voting Yea: Assembly Member Tremblay, Assembly Member Kensinger, Assembly Member Meucci, Assembly Member Fine-Walsh

Voting Nay: Assembly Member Lynn, Vice Mayor Stanton Gregor, Mayor Jensen

16. Communications

A. Correspondence Received Since January 13, 2022

17. Assembly Discussion Items

A. Schedule a Work Session in late March/ early April to Discuss Childcare Provider Assistance in FY2023

The Assembly discussed holding a work session in March regarding childcare provider assistance. Scheduling the work session will be an action item at the next Assembly meeting.

B. Police Department Retention & Employee Survey

Assembly Member Meucci shared he had spent five hours in the Police Department last week speaking with Police Officers and Dispatchers regarding wages, work schedules and retention. He encouraged all Assembly members to do the same.

C. Assembly Member Comments

There were no comments shared.

D. Recognitions

Assembly Member Tremblay thanked Jeanette Ness and Diane Benson for their interviews on the first episode of Voices of Seet Ka Kwaan, and also thanked Avery Herrman Sakamoto and the entire audio producing team. She shared her excitement for the upcoming Seet Ka Festival.

Assembly Member Tremblay also thanked Public Health for continuing to offer vaccinations and those who are making the choice to protect themselves.

Assembly Member Meucci recognized Police Sergeant Derek Thorsen for his 20.5 years with the Petersburg Police Department to date.


Chief Kerr thanked his employees who took the time to speak with Assembly Member Meucci last week regarding employee retention in the Department. He also thanked community members for their support.

18. Adjourn

The meeting was adjourned at 2:28 p.m.

Motion made by Vice Mayor Stanton Gregor, Seconded by Assembly Member Tremblay.
Voting Yea: Assembly Member Lynn, Assembly Member Tremblay, Assembly Member Kensinger, Vice Mayor Stanton Gregor, Assembly Member Meucci, Mayor Jensen, Assembly Member Fine-Walsh

MEMORANDUM

TO: MAYOR JENSEN AND BOROUGH ASSEMBLY
FROM: KARL HAGERMAN, UTILITY DIRECTOR 
SUBJECT: AWARD RECOMMENDATION: CATERPILLAR 399 IN-FRAME OVERHAUL
DATE: 2/17/2022
CC: STEVE GIESBRECHT, MANAGER
DEBRA THOMPSON, CLERK

PMPL is planning to overhaul one of our smaller diesel generators. The Caterpillar D399 is a 1978 unit that has a 780kW output and is used quite frequently by operations staff to add smaller amounts of generation for system load peaks when the diesel power plant is operating.

A Request for Proposals was issued and advertised in the Petersburg Pilot on January 27th and February 3rd. The RFP was also sent directly to known vendors capable of providing the overhaul parts and service. The deadline for submissions of proposals was on February 11, 2022.

Only one proposal was received from NC Machinery/NC Power Systems in Juneau, Alaska for a cost of \$158,572.11. The proposal was responsive to the requirements of the RFP. PMPL and the Borough have done business with NC Machinery for decades and has full confidence in their ability to complete the overhaul in a timely manner and with a high quality of workmanship. The contractor has parts available immediately and can schedule the work for the end of March or early April 2022.

Capital Project Fund 755, Cat 399 In-frame Overhaul, with a balance of \$125,000, was created to fully cover costs of the work, however the fund balance is now insufficient. In talking with NC Machinery, recent rebuilds of similar engines have shown to take longer than previously quoted and this has caused the cost to increase above our expectation. PMPL will combine funds approved within the FY22 budget to fully pay for the work. A transfer of \$35,000 from the Electric Fund - Professional Services acct 410 000 501410 to Capital Project Fund 755 will be brought forward in the next supplemental budget to address the funding for this work. The transfer is possible as a Crystal Lake Dam Break and Inundation Study that was planned for the utility in this fiscal year, and budgeted to cost \$50,000, will not be undertaken at the advice of our hydro site safety consultant.

Therefore, **I recommend that the Borough Assembly approve the award of the Caterpillar 399 In-frame Overhaul project to NC Machinery/NC Power Systems of Juneau Alaska for a cost, not-to-exceed \$158,572.11.**

Please let me know if there are questions. Thank you for your consideration.

**Mayor's Report
For
February 22, 2022 Assembly Meeting**

1. Alaska Municipal League Winter Legislative Conference: Mayor Jensen attended the AML conference in Juneau last week and will provide a verbal report.

2. Seeking Letters of Interest: The Petersburg Borough is accepting letters of interest from citizens who wish to serve the community by filling one of the vacant seats on the following Borough Boards/Commissions until the October 2022 Municipal Election:

Planning Commission – two vacant seats

Parks & Recreation Advisory Board – two vacant seats

Letters of interest should be submitted to Clerk Thompson at the Borough offices located at 12 S. Nordic Drive; by sending to PO Box 329, Petersburg, AK 99833; or by emailing to dthompson@petersburgak.gov.



**Borough Manager's Report
Assembly Meeting 22 February 2022**

- ❖ Lots of trail clearing to do from fallen trees and limbs by Parks & Recreation.
- ❖ Parks & Rec. is organizing a Triathlon Club for those who may be interested talk to Scott Burt.
- ❖ Swim Lessons coming up again soon, so keep in touch with P&R.
- ❖ We had our first assisted living resident test positive on February 10th. The resident complained of cold symptoms and was tested positive. She had been in her room the whole day before. On Friday all POA's were notified of the positive case in the facility. We began taking temps and watching closely for symptoms. Friday afternoon another resident had a temp and two home tests showed two negatives. PCR test given later and was positive. Steve and I met with hospital staff via zoom Saturday evening. The decision was made to test all residents and staff. All POA's were again contacted and the RN and Shelyn tested all negative residents on Sunday. While all of those residents with symptoms appear to be mild, we stopped all communal gatherings and full PPE was implemented. On Monday we tested negative residents again with PCR tests and it was found that many of those that had tested negative with the home kits were now positive, bringing the total amount of positive residents to 10, with one fatality where COVID may have contributed to the cause of death. We continue to test negative residents and have suspended visitors and communal gatherings until this is over. Staff is working overtime and different shifts and we are grateful for the Manor team more than ever.
- ❖ Sandy has been distributing masks, gowns, and at-home COVID tests, and coordinating with PMC to obtain more at-home COVID tests from the State.
- ❖ Josh is at the National Fire Academy to attend the Management of Emergency Medical Services (MEMS) course.
- ❖ Volunteers for Fire, EMS, and SAR continue to train in person, and they are accepting applications. Thanks to the volunteers who continue to train and respond. We couldn't do it without them!
- ❖ With a little breather due to the break in winter conditions, the public works crew has been working on scaling and repainting the department's tilt-deck equipment trailer, which was beginning to have some rust issues. The Motor Pool's new column lifts have been a big help by allowing easy access to the underside of this large piece of equipment.
- ❖ The Public Works Culvert Replacement project is out to bid, with the bid opening scheduled for March 11th.
- ❖ Shop repair project being closed out. Streets and Motor Pool crews are very happy to be back in their permanent quarters once again!

- ❖ During the recent closure of the library, half of the collection was inventoried (roughly 20,000 items) and the catalog updated. The next half of the collection will be inventoried in early 2023. Staff were also certified in CPR.
- ❖ Build a Better World Winter Reading Challenge: Five Finger Lighthouse Society, Petersburg Rotary Club, Humanity In Progress, Petersburg Humane Association were selected by the winners of the program to receive \$250 each. Thank you to the Friends of the Library for making this program possible.
- ❖ PMPL staff is reviewing various questions and information from engineers and consultants working to further the Blind Slough Hydro design and FERC amendment.
- ❖ PMPL will be issuing an RFP for replacement of the Superior Building roof soon.
- ❖ The warmer weather and rain have brought fresh inflows into Crystal Lake as well as Tyee and Swan Lakes. Hydro power resources look good for 2022.
- ❖ EPA and ADEC continue to hold strong on forcing 301h waived treatment plants to increase treatment levels. For Petersburg that would mean adding disinfection to our effluent and a major cost to do so. Petersburg is in holding pattern as we wait for ADEC to send water quality paperwork associated with our discharge permit renewal.
- ❖ Staff is taking advantage of melting snow to access and cut alder stands for chip addition to the composting program.
- ❖ Tour ship schedule is 115 as of now.
- ❖ Harbor staff met with USCG and PND Engineers to discuss Scow Bay development. Coast Guard appreciated the opportunity and are interested in continuing conversations.
- ❖ Stalls are filing up earlier than usual. North Harbor is full, Middle Harbors has a few 26 stalls open and South Harbor has a few 42 ft. available.
- ❖ Chief Kerr, Clerk Thompson, and I, all continue to work on providing the Assembly a report on recruitment and retention in the Police Department. We will be meeting again next week to review the draft in preparation for presentation to the Assembly at the first meeting in March.
- ❖ Borough Manager Giesbrecht and our consultant from Chilkat Environmental, met with the Alaska DEC site manager responsible for the evaluation of the Petro warehouse. Meeting went well and ADEC appears to be recommending the closure of the site with no additional remediation required. The only restrictions might be that the owner could not put a drinking water well on the property, and the Borough (or other owner) would need to notify ADEC if substantial digging and removal of soil was to occur at some point. We will reach out to the Petro and their contractor (Chevron) to ask that they include the Borough on discussions with ADEC and the final recommendations that may come back on the property at the end of the monitoring period in 2022.

PETERSBURG BOROUGH, ALASKA
PETERSBURG BOROUGH
ELECTRIC UTILITY REVENUE BOND, 2022

Not to Exceed \$7,800,000

ORDINANCE NO. 2022-01

AN ORDINANCE authorizing the issuance of electric utility revenue bonds of Petersburg Borough Electric Utility (the "Electric Utility") in an aggregate principal amount not to exceed \$7,800,000, to finance: (i) improvements to the Electric Utility system's Blind Slough plant and the Scow Bay Standby Generation project, and to pay incidental costs incurred in connection with carrying out such improvements (the "Project"); and (ii) to pay the costs incident to financing the Project, including providing for a debt service reserve, if necessary, and paying the costs of issuance of the bonds, all as authorized by Ordinance No. 2021-12 of the Borough Assembly and ratified by the Borough's voters at an election held therein on October 5, 2021; authorizing the pledge of Net Revenue of the Electric Utility to pay debt service on the bonds; providing for the date, terms and covenants of the bonds; authorizing the sale of the bonds to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance; and establishing an effective date.

PASSED: March 7, 2022

Prepared by:

Stradling Yocca Carlson & Rauth,
a Professional Corporation
Seattle, Washington

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PETERSBURG BOROUGH, ALASKA

ORDINANCE NO. 2022-01

AN ORDINANCE authorizing the issuance of electric utility revenue bonds of Petersburg Borough Electric Utility (the "Electric Utility") in an aggregate principal amount not to exceed \$7,800,000, to finance: (i) improvements to the Electric Utility system's Blind Slough plant and the Scow Bay Standby Generation project, and to pay incidental costs incurred in connection with carrying out such improvements (the "Project"); and (ii) to pay the costs incident to financing the Project, including providing for a debt service reserve, if necessary, and paying the costs of issuance of the bonds, all as authorized by Ordinance No. 2021-12 of the Borough Assembly and ratified by the Borough's voters at an election held therein on October 5, 2021; authorizing the pledge of Net Revenue of the Electric Utility to pay debt service on the bonds; providing for the date, terms and covenants of the bonds; authorizing the sale of the bonds to the Alaska Municipal Bond Bank on the terms and conditions provided in this ordinance; and establishing an effective date.

WHEREAS, the Borough, dba Petersburg Borough Electric Utility, owns and operates an municipal electric utility (the "Electric Utility"); and

WHEREAS, at an election held in the Borough on October 5, 2021, the number and proportion of qualified electors of the Borough as required by law for the approval thereof voted in favor of a proposition authorizing the issuance of revenue bonds of the Borough payable from Net Revenue of the Electric Utility in a principal amount not to exceed \$7,800,000 to finance costs of (i) improvements to the Borough electric utility system's Blind Slough plant and the Scow Bay Standby Generation project, and to pay incidental costs incurred in connection with carrying out such improvements (the "Project"); and (ii) to pay the costs incident to financing the Project, including providing for a debt service reserve, if necessary, and paying the costs of issuance of the Bonds, all as authorized by Ordinance No. 2021-12 of the Borough Assembly (the "Assembly") passed on August 16, 2021 (the "Election Ordinance"); and

WHEREAS, the Electric Utility is a Member Utility of the Southeast Alaska Power Agency ("SEAPA"), and is a Purchasing Utility under a Long Term Power Sales Agreement (the "PSA"), pursuant to which the Borough has covenanted that the payment obligations to SEAPA under the PSA shall constitute an operating expense of the Electric Utility and shall have a priority pledge of the revenues of the Electric Utility superior to any future debt obligations; and

WHEREAS, the Borough presently has outstanding no revenue bonds payable solely from and having a priority lien on revenues of the Electric Utility, and the pledge set forth herein shall have priority over any other pledge of such revenues, subject only to the costs of Operations and Maintenance (as defined below), which include the payment obligations to SEAPA; and

WHEREAS, the Borough previously issued its Service Area 1 General Obligation Electric Utility Refunding Bond, 2020 in an aggregate principal amount of \$1,560,000, which was secured by an additional pledge of revenues of the Electric Utility on a basis subordinate to the payment of principal and interest on any subsequent issue of Electric Utility revenue bonds, such as the Bonds authorized by this ordinance;

WHEREAS, the Assembly wishes to authorize the issuance of not to exceed \$7,800,000 principal amount of the revenue bonds authorized by the Election Ordinance and approved by the Borough's voters; and

WHEREAS, it is in the best interest of the Borough to sell the bonds, in one or more series, to the Alaska Municipal Bond Bank (the "Bond Bank") on the terms and conditions set forth herein and in a loan agreement with the Bond Bank authorized by this ordinance to be entered into by the Finance Director;

THE PETERSBURG BOROUGH ORDAINS, as follows:

Section 1. Definitions. As used in this ordinance, the following words have the following meanings, unless a different meaning clearly appears from the context: "Adjusted Net Revenue" means Net Revenue, plus withdrawals from the Rate Stabilization Account and less deposits into the Rate Stabilization Account.

"Annual Debt Service" for any particular year means, for the Bonds, or of Future Parity Bonds, as applicable, an amount equal to the sum of (i) all interest payable during such year in respect of such outstanding bonds plus (ii) the Principal Installment or Installments due during such year on such outstanding bonds, calculated on the assumption that bonds outstanding on the day of calculation cease to be outstanding by reason of, but only by reason of, payment upon maturity, or earlier mandatory redemption and application to such purposes of any Sinking Fund Requirements, or payments into the Parity Bond Fund, required by the ordinance or resolution authorizing issuance of such bonds. Annual Debt Service for each Fiscal Year shall be reduced by subtracting the amount scheduled to be received by the Borough as a Tax Credit Subsidy Bond Payment (if any) in each such Fiscal Year in respect of any Parity Bonds issued as Tax Credit Subsidy Bonds.

"Assembly" means the Borough Assembly, the general legislative authority of the Borough, as duly constituted from time to time, or any successor body.

"Average Annual Debt Service" means, in reference to any one or more series of Parity Bonds, the sum of the Annual Debt Service due in each year, divided by the number of years that such bonds are scheduled to remain outstanding.

"Bond" or "Bonds" means the Petersburg Borough, Alaska, Electric Utility Revenue Bond, 2022, in one or more series, in an aggregate principal amount not to exceed \$7,800,000, authorized to be issued and sold to the Bond Bank pursuant to this ordinance.

"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 Bank Bonds" means bonds to be issued by the Bond Bank to provide funds to be loaned to the Borough pursuant to the Loan Agreement.

"Bond Premium" means proceeds of the Bonds representing an allocation of the original issue premium, if any, on the Bond Bank Bonds.

“Bond Register” means the registration books for the Bonds 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 the Registered Owner of the Bonds.

“Borough” means the Petersburg Borough, Alaska, a home rule borough duly organized and existing under the Constitution and laws of the State of Alaska and the Borough 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 Tax-Exempt Bond.

“Contract Resource Obligation” means an obligation of the Borough to make payments to another person or entity for electric energy supply, transmission or other commodity or service relating to the Electric Utility, which obligation is designated as a Contract Resource Obligation for purposes of Section 10 of this ordinance. The Long-Term Power Sales Agreement is designated as a Contract Resource Obligation.

“Coverage Requirement” means that, in any Fiscal Year, Adjusted Net Revenue must at least equal 1.25 times the Annual Debt Service due in that Fiscal Year on all Parity Bonds then outstanding.

“Covered Bonds” means, collectively, those Parity Bonds that are designated by the Borough in the ordinance authorizing their issuance as covered bonds, the payment of which is secured by amounts on deposit in the Reserve Account within the Parity Bond Fund. The Bonds authorized by this ordinance are designated as Covered Bonds.

“Debt Service Account” means the account of that name created within the Parity Bond Fund pursuant to Section 6 of this ordinance.

“Election Ordinance” means Resolution No. 2021-12 of the Assembly, passed on August 16, 2021, and ratified by the Borough’s voters in an election held in the Borough on October 5, 2021.

“Electric Utility” means the municipal light and power generation, transmission, and distribution systems now belonging to, or which may hereafter belong to, Petersburg Borough Electric Utility, as the same may be added to, improved, or extended from time to time, and operated pursuant to chapter 3.40 of the Borough Code.

“Electric Fund” means the “Petersburg Borough Electric Utility Enterprise Fund” created by Section 5 of this ordinance, into which fund all Gross Revenue must be paid.

“Finance Director” means the Finance Director of the Borough or the successor to the duties of that office.

“Fiscal Year” means the Fiscal Year used by the Borough at any time. At the time of the passage of this ordinance, the Fiscal Year is the twelve-month period beginning on July 1 and ending on June 30 of each year.

“Future Parity Bonds” means any revenue bonds of the Borough, other than the Bonds, the principal of and interest on which are payable out of money in the Petersburg Borough

Electric Utility Enterprise Fund on a parity with the payments required to be made into the Parity Bond Fund in respect of the Bonds and any Outstanding Parity Bonds.

“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 of the earnings and revenues of any kind or nature received by the Borough from the operation and maintenance of the Electric Utility. Gross Revenue excludes: (1) revenues from assessments collected in any local improvement district or utility local improvement district; (2) amounts collected in respect of municipal utility taxes or payments in lieu of taxes; (3) proceeds of grants from the federal, state, or local governments; (4) gifts to the Electric Utility for capital purposes; (5) proceeds from the sale of Borough or Electric Utility property; (6) proceeds of Borough or Electric Utility obligations; (7) earnings or proceeds from any investments in any trust, defeasance or escrow fund created to defease or refund Electric Utility obligations until commingled with other earnings and revenues of the Electric Utility; (8) insurance proceeds compensating the Borough for the loss of a capital asset or the proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues); and (9) Tax Credit Subsidy Payments.

“Issue Date” means, with respect to any Series of Bonds, the date of initial issuance and delivery of such Series to the Purchaser in exchange for the purchase price of such Series.

“Loan Agreement” means each Loan Agreement by and between the Borough and the Bond Bank authorized to be entered into pursuant to this ordinance.

“Long-Term Power Sales Agreement” means the agreement pursuant to which the Electric Utility acquires power from SEAPA, dated as of February 19, 2009, as it may be amended, extended or revised from time to time.

“Maximum Annual Debt Service” means with respect to any one or more series of Parity Bonds, the maximum amount of Annual Debt Service that shall become due in any Fiscal Year.

“Net Revenue” means all Gross Revenue less the Operation and Maintenance Expense.

“Operation and Maintenance Expense” means all reasonable expenses incurred by the Borough in causing the Electric Utility to be operated and maintained in good repair, working order and condition and properly treated as maintenance and operation expenses under generally accepted accounting principles applicable to similar municipal utilities, including: payments due under Contract Resource Obligations; all payments made to another person or agency for acquisition of electric energy; any deposits, premiums, assessments or other payments for insurance, if any, on the Electric Utility; amounts paid in respect of Electric Utility employee pensions and post-employment benefits (if any); and overhead and administration expenses allocated to the Electric Utility. Operation and Maintenance Expenses excludes: non-cash accounting items (e.g., depreciation, amounts treated as expenses under accounting guidelines with respect to unfunded contributions to pension or other post-employment benefit plans, non-exchange financial guarantees, environmental liabilities, and similar items); payments on contracts for the acquisition of electric energy or capability under which no energy has been furnished to the Borough (other than payments under Contract Resource Obligations); and any amounts paid in respect of municipal utility taxes or payments in lieu of taxes.

“Outstanding Parity Bonds” when used in reference to a particular date (or series of Parity Bonds), Outstanding Parity Bonds shall mean those Parity Bonds that are outstanding as of that date (or as of the issue date of such series).

“Parity Bond Fund” means the Electric Utility Parity Bond Fund created pursuant to Section 6 of this ordinance to pay and secure the payment of the Bonds and any Future Parity Bonds, which is divided into a Debt Service Account and a Debt Service Reserve Account.

“Parity Bonds” means the Bonds and any Future Parity Bonds.

“Parity Conditions” means the conditions required to be met for the issuance of Future Parity Bonds having a lien and charge on Net Revenue equal to that of the Bonds, as set forth in Section 11 of this ordinance, which is incorporated herein by this reference.

“Permitted Investments” means any investment that is a legal investment for the money of the Borough at the time of such investment.

“Principal Installment” means, as of any date of calculation and with respect to any one or more series of Parity Bonds, the principal amount of bonds of such series due on a certain future date, plus the amount of any Sinking Fund Requirement due on that date in respect of bonds of such series that are Term Bonds.

“Project” means the design, acquisition, construction, and maintenance of improvements to the Borough electric utility system’s Blind Slough plant and the Scow Bay Standby Generation project, and the incidental costs incurred in connection with carrying out such improvements, as authorized by the Election Ordinance.

“Project Funds” means the Blind Slough Hydro System Upgrade Capital Project Fund and the Standby Diesel Generator Capital Project Fund created in the Electric Fund for the payment of the costs of the Project.

“Purchaser” means the Bond Bank.

“Qualified Insurance” means any unconditional 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 service corporation is rated, at the time of issuance of such policy or surety bond, in one of the two highest rating categories by Moody’s Investors Service, Standard & Poor’s Ratings Services, and any other rating agency then maintaining a rating on the Bonds, provided, that, as of the time of issuance of such policy or surety bond, such insurance company or companies maintain a policy owner’s surplus in excess of \$500,000,000.

“Qualified Letter of Credit” means any irrevocable letter of credit issued by a bank for the account of the Borough and for the benefit of the owners of Parity Bonds, provided that such bank maintains an office, agency or branch in the United States, and provided further, that, as of the time of issuance of such letter of credit, such bank is rated, at the time such letter of credit is issued, in one of the two highest rating categories (without regard to gradations) by Moody’s Investors Service, Standard & Poor’s Ratings Service, and any other nationally recognized rating agency.

“Rate Stabilization Account” means the account of that name in the Electric Fund, established pursuant to Section 9 of this ordinance.

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

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

“Reserve Account” means the Debt Service Reserve Account established pursuant to Section 6 of this ordinance.

“Reserve Requirement” means, with respect to all outstanding Covered Parity Bonds, the sum of the Reserve Requirements established in the authorizing ordinance for each series of Covered Parity Bonds then outstanding, provided that the aggregate Reserve Requirement for all Covered Parity Bonds shall not exceed the Tax Maximum. With respect to the Bonds, the Reserve Requirement shall be calculated as of the Issue Date, shall not exceed the Tax Maximum, and shall be equal to the least of Maximum Annual Debt Service on the Bonds, 125% of the Average Annual Debt Service on the Bonds, or 10% of the proceeds of the Bonds.

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

“SEAPA” means the joint action agency known as the Southeast Alaska Power Agency, created pursuant to Title 42, Chapter 45, Article 5 of the Alaska Statutes and the Third Amended and Restated Joint Action Agency Agreement by and among the Electric Utility and other Member Utilities (as such other parties are identified therein), dated as of February 24, 2009, as the same may be amended from time to time in accordance with its terms, or any successor agency.

“SEC” means the Securities and Exchange Commission.

“Sinking Fund Requirement” means, for any Fiscal Year, the principal portion (and required redemption premium, if any) of any Term Bond that is required to be purchased, redeemed, or paid at maturity, as established in the applicable Loan Agreement or bond purchase contract.

“Subordinate Bonds” means any electric revenue bonds or obligations payable from the Electric Fund having a charge and lien on the Net Revenue subordinate to the charge and lien on the Net Revenue of the Parity Bonds.

“Tax Certificate” means the certificate executed by the Finance Director with respect to federal tax matters relating to Bonds issued as a Tax-Exempt Bonds or Tax-Credit Subsidy Bonds, in accordance with Section 16 of this ordinance.

“Tax Credit Subsidy Bond” means any bond that is designated by the Borough as a Tax Credit Subsidy Bond, pursuant to Section 54AA of the Code or any substantially similar taxable tax credit bond program, and which is further designated by the Borough as a “qualified bond” with respect to which the Borough is eligible to receive a tax credit payable by the United States Treasury to the Borough under Section 6431 or a substantially similar provision of the Code.

"Tax Credit Subsidy Bond Payments" means those amounts which the Borough is entitled to receive from the United States Treasury in respect of any bonds issued as Tax Credit Subsidy Bonds.

"Tax Maximum" means the maximum dollar amount permitted by the Code to be allocated to a debt service reserve account from bond proceeds of Tax-Exempt Bonds or Tax Credit Subsidy Bonds without requiring a balance to be invested at a restricted yield.

"Taxable Bond" means a series of the Bonds issued with interest that is not intended to be excludable from gross income for federal income tax purposes.

"Tax-Exempt Bond" means a series of the Bonds issued with interest that is intended to be excludable from gross income for federal income tax purposes.

"Term Bond" means any Parity Bond identified as such in the ordinance or resolution authorizing the issuance thereof that is issued subject to mandatory redemption in periodic Sinking Fund Requirements prior to its maturity date.

Section 2. Authorization for the Bonds. The Borough shall issue and sell not to exceed \$7,800,000 principal amount of the Electric Utility revenue bonds authorized by the Election Ordinance and approved by the Borough's voters at an election held on October 5, 2021, to finance a portion of the cost of the Project and to pay costs of issuance of the bonds, all as authorized by the Election Ordinance. The bonds shall be issued and sold to the Bond Bank in a tax-exempt series and/or a taxable series, each as a single bond (the "Tax-Exempt Bond" and/or the "Taxable Bonds," as applicable). The aggregate principal amount of the Bonds shall not exceed \$7,800,000. Each Bond will be identified as "Petersburg Borough, Alaska, Electric Utility Revenue Bond, 2022" (with an additional series designation, if necessary). The Bonds will be dated as established in accordance with this ordinance and the Loan Agreement, will mature on the date or dates, will be fully registered as to both principal and interest, will be numbered in such manner and with such series designation as the Registrar shall determine, will bear interest at the rate or rates and be payable on the dates and in the principal amounts as established in accordance with this ordinance. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Section 3. Registration, Payment and Transfer. The Finance Director shall act as authenticating agent, transfer agent, paying agent and registrar for the Bonds (collectively, the "Registrar"). Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds 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 Bonds 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 Petersburg, Alaska. Notwithstanding the foregoing, if the Bonds are sold to the Bond Bank pursuant to the provisions of Section 20 of this ordinance, and for so long as the Bond Bank is the owner of the Bonds, payments of principal of and interest on the Bonds shall be made to the Bond Bank in accordance with the applicable Loan Agreement.

Bonds 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 series, principal amount, maturity and interest rate shall be issued to

the transferee in exchange therefor. Upon surrender thereof to the Registrar, a 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 series, interest rates, and principal payment amounts as the Bond. Such transfer or exchange shall be without cost to the Registered Owner or transferee. The Borough may deem the person in whose name a Bond is registered to be the absolute owner thereof for the purpose of receiving payment of the principal of and interest on that Bond and for any and all other purposes whatsoever.

Section 4. Prepayment. Provisions for the optional prepayment of some or all principal installments of a Bond may be established as set forth in the applicable Loan Agreement executed pursuant to Section 20. Portions of the principal amount of a 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 a Bond, notice of prepayment shall be given according to the terms of the Loan Agreement. If the Bond Bank is not the owner of a Bond, notice of prepayment thereof shall be given not less than 20 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 5. Petersburg Borough Electric Utility Enterprise Fund.

(a) There is created a special enterprise fund of the Borough known as the "Petersburg Borough Electric Utility Enterprise Fund" (the "Electric Fund"). This fund is authorized to be established and shall be maintained at least so long as the Bonds and any Future Parity Bonds remain outstanding.

(b) The Electric Fund is created to account for revenues and expenditures of the Electric Utility within the utility department. Electric Utility revenues and expenditures will be accounted for separately within the enterprise fund. The Electric Fund is created for the purpose of depositing as collected all Gross Revenue of the Electric Utility (except the interest earned and income derived from investments of money in bond redemption funds and the accounts therein) and for paying the direct operating expenses and other expenses of the enterprise, such as debt retirement and providing for the establishment of an enterprise fund replacement reserve account for major maintenance and repairs.

(c) The Electric Fund shall be held separate and apart from all other funds and accounts of the Borough, and the funds deposited in the Electric Fund shall be used only for the following purposes and in the following order of priority:

- (1) To pay the Operation and Maintenance Expense;

(2) To make, when due, all payments required to be made into the Debt Service Account within the Parity Bond Fund to pay the principal of and interest on all Parity Bonds, including all Sinking Fund Requirements;

(3) To make all payments required to be made pursuant to a reimbursement agreement (or other equivalent document) with any provider of Qualified Insurance or a Qualified Letter of Credit; provided, however, that if there is not sufficient money to make all payments under reimbursement agreements with more than one such provider, the payments will be made on a pro rata basis;

(4) To make all payments required to be made into the Reserve Account in respect of Covered Parity Bonds;

(5) To make all payments required to be made into any revenue bond redemption fund, revenue warrant redemption fund, debt service account, reserve account, or sinking fund account created to pay and secure the payment of the principal of and interest on any Subordinate Bonds;

(6) To make all payments required to be made in in order to pay principal of and interest on any general obligations of the Borough to which the Net Revenue of the Electric Utility has been pledged;

(7) To any of the following purposes, without order of priority: to retire by redemption or purchase in the open market any outstanding revenue bonds or revenue warrants of the Electric Utility; to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Electric Utility; to pay any municipal taxes or payments in lieu of taxes; or for any other lawful Borough purposes.

Section 6. Parity Bond Fund.

(a) *Parity Bond Fund and Accounts Therein.* A special fund of the Borough known as the "Petersburg Borough Electric Utility Revenue Parity Bond Fund" (the "Parity Bond Fund") is hereby created and is to be maintained so long as the Bonds and any Future Parity Bonds remain outstanding. The Parity Bond Fund shall be divided into a Debt Service Account and a Reserve Account, which are authorized to be created therein. The Parity Bond Fund shall be drawn upon for the sole purpose of paying the principal of (including any Sinking Fund Requirements and redemption premium, if any) and interest on Parity Bonds as the same shall become due and payable.

(b) *Payments into the Debt Service Account.* The Borough hereby obligates and binds itself irrevocably to set aside and pay into the Debt Service Account out of money in the Electric Fund, on or before the date due, the amounts necessary to pay the principal of, premium, if any, and interest on the Bonds as the same become due and payable. If there is a deficiency in the Debt Service Account for such purpose, the Borough shall make up such 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 such amount as will provide cash in the Reserve Account sufficient to make up any such deficiency. 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.

(c) *Reserve Account.* The Borough covenants that it will at all times maintain an amount in the Reserve Account sufficient to satisfy the Reserve Requirement with respect to the Covered Parity Bonds. For so long as the Bonds are held by the Bond Bank, the Reserve Account may be held by the trustee for the Bond Bank consistent with the terms Loan Agreement. Whenever there is a sufficient amount in the Parity Bond Fund, including all accounts therein, to pay the principal of, premium, if any, and interest on all Covered Parity Bonds then outstanding, the money in the Reserve Account may be used to pay the principal of, premium, if any, and interest on the Covered Parity Bonds, after all funds available for such purpose in the Debt Service Account have been so used. Money in the Reserve Account may also be withdrawn to redeem and retire, and to pay the premium, if any, and interest due to such date of redemption, of the Covered Parity Bonds, so long as the money remaining on deposit in the Reserve Account is at least equal to the Reserve Requirement determined with respect to such Covered Parity Bonds. If there is a deficiency in the Debt Service Account to pay any maturing installment of principal of or interest on any Covered Parity Bond, or to pay any Sinking Fund Requirement with respect thereto, such deficiency shall be made up by withdrawal of money from the Reserve Account. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up out of Net Revenue after making necessary provision for the payments required to be made by Section 5(c)(1) through (3) of this ordinance.

(d) *Reserve Insurance or Surety Policy.* The Borough may substitute Qualified Insurance or a Qualified Letter of Credit for amounts required to be paid into or maintained in the Reserve Account. Such Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than five years notice. In the event of any cancellation, the Reserve Account shall be funded in accordance with the provisions of this section providing for payment in the event of a deficiency therein, calculated as if the Parity Bonds that remain outstanding had been issued on the date of such notice of cancellation.

(e) *Investment of Reserves.* Money in the Reserve Account may be kept in cash or invested in any Permitted Investments. Interest earned on any such investments and/or any profits realized from the sale thereof shall be deposited in and become a part of the Parity Bond Fund.

(f) *Lien of Bonds.* The amounts pledged by this ordinance to be paid out of the Electric Fund into the Parity Bond Fund (and the Debt Service Account and Reserve Account therein) are hereby declared to be a prior lien and charge upon all the money in the Electric Fund superior to all other charges of any kind or nature except the charges required to pay the Operation and Maintenance Expense and equal in rank to the charges necessary to pay the principal of, premium, if any, and interest on any Future Parity Bonds.

(g) *Due Regard.* The corporate authorities of the Borough hereby declare, in fixing the amounts to be paid into the Parity Bond Fund, that they have exercised due regard to the Operation and Maintenance Expense and the amounts necessary to pay the principal of and interest on the Outstanding Parity Bonds and the Bonds, and have not obligated the Borough to set aside and pay into the Parity Bond Fund a greater amount of the Gross Revenue than in their judgment will be available over and above the Operation and Maintenance Expense and the charges necessary to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds.

Section 7. Security for the Bonds. The Bonds shall be designated as Parity Bonds and shall be a special limited obligation of the Borough payable from and secured solely by the Net Revenue of the Electric Utility and by money in the Debt Service Account of the Parity Bond

Fund. The Bonds are hereby designated as Covered Parity Bonds are further secured by money in the Reserve Account. The Net Revenue is pledged to make the payments into the Parity Bond Fund and the accounts therein as required by Sections 5 and 6 of this ordinance, which pledge shall constitute a lien and charge upon such Net Revenue prior and superior to all other charges whatsoever. Each Series of the Bonds designated as Parity Bonds shall be issued on parity with all Future Parity Bonds, without regard to date of issuance or authorization and without preference or priority of right or lien. The Bonds shall not constitute general obligations of the Borough, the State, or any political subdivision of the State or a charge upon any general fund or upon any money or other property not specifically pledged by this ordinance.

Section 8. Covenants. The Borough hereby covenants with the owner of the Bonds as follows:

(a) *Rate Covenant.* That it will establish, fix, prescribe, and collect rates and charges for the sale or use of electric power and energy service or other services of the Electric Utility that, together with other income thereof, are reasonably expected to yield Net Revenue equal to at least 1.25 times the Annual Debt Service on the Parity Bonds (the "Coverage Requirement") for the forthcoming Fiscal Year. Promptly upon any material change in the circumstances that are contemplated at the time such rates and charges were most recently reviewed, but not less frequently than once in each Fiscal Year, the Borough shall review the rates and charges for services of the Electric Utility and shall promptly (and in any event no later than 180 days after the end of each Fiscal Year) revise such rates and charges as necessary to comply with the foregoing requirement, provided that such rates and charges shall in any event produce money sufficient to enable the Borough to comply with all of its covenants under this ordinance.

(b) *Maintain in Good Order.* That it will at all times maintain and keep Electric Utility and all additions and improvements thereto and extensions thereof in good repair, working order and condition, and will at all times operate such utilities and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) *Sale or Disposition.*

(1) That it will not sell or otherwise dispose of all of the properties of the Electric Utility unless provision is made for payment into the Parity Bond Fund of a sum sufficient to pay the principal and interest of all the outstanding Parity Bonds in accordance with the terms thereof, nor will it sell or otherwise dispose of any single utility or utilities or any portion thereof unless provision is made for payment into the Parity Bond Fund of one of the following (as the Assembly may determine in its sole discretion):

(A) an amount that will be in the same proportion of the net principal amount of Parity Bonds then outstanding (defined as the total principal amount of such bonds then outstanding less the amount of cash and investments in the Parity Bond Fund) that the Gross Revenue attributable to the portion of the Electric Utility to be sold or disposed of for any consecutive 36 of the 48 months preceding such sale or disposition bears to total Gross Revenue for such period; or

(B) an amount that will be in the same proportion of the net principal amount of Parity Bonds then outstanding (as defined above) that the Net Revenue attributable to the portion of the Electric Utility to be sold or disposed of for any consecutive 36 of the 48 months preceding such sale or disposition bears to total Net Revenue for such period; or

(C) an amount that will be in the same proportion to the net principal amount of Parity Bonds then outstanding (as defined above) that the book value of the portion of the Electric Utility sold or disposed of bears to the book value of all of the Electric Utility immediately prior to such sale or disposition.

Any such money so paid into the Parity Bond Fund shall be used to retire Parity Bonds at the earliest possible date; provided, however, notwithstanding the foregoing provisions to the contrary, the Borough may sell or otherwise dispose of any of the works, plant, properties and facilities of the Electric Utility or any real or personal property comprising a part of the same with a value less than 5% of the net utility plant of the Electric Utility or which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the Electric Utility, or no longer necessary, material to or useful in such operation, without making any deposit into the Parity Bond Fund.

(2) The Borough may sell or otherwise dispose of any portion of the utility (i) without making a deposit into the Parity Bond Fund (as otherwise required by subsection (c)(1) of this section) if such sale or disposition would not reduce Net Revenue below the amounts required to satisfy the Coverage Requirement; or (ii) with a deposit into the Parity Bond Fund smaller than that otherwise required by subsection (c)(1) if such smaller deposit would reduce Annual Debt Service sufficiently, following such sale or disposition, to permit the Borough to satisfy the Coverage Requirement.

(d) *Annual Audit.* That it will within a period of 270 days following the close of each Fiscal Year cause an audit of the books and accounts of the Electric Utility to be made by an independent certified public accountant or firm of certified public accountants, which audit shall show the income and expenditures of the Electric Utility, the balance sheet as of the end of such Fiscal Year, comments in regard to the manner in which the Borough has carried out the requirements of this ordinance, a list and amount of insurance policies in force on any part of the Electric Utility, the number of electric customers in the aggregate and by customer classifications, if applicable (i.e., residential, commercial, etc.).

(e) *Insurance.* That it will at all times carry fire and extended coverage, commercial general liability and property damage and such other forms of insurance with responsible insurers and with policies payable to the Borough on such of the buildings, equipment, works, plants, facilities and properties of the Electric Utility as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, and against such claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, or it will self-insure or will participate in an insurance pool or pools with reserves adequate, in the reasonable judgment of the Borough, to protect Electric Utility and the owners of the Parity Bonds against loss.

(f) *No Free Service.* That it will not furnish electric service to any customer whatsoever free of charge. This restriction does not apply to electric service furnished to the Borough or its departments for their own use.

Section 9. Rebate Account. The Finance Director is authorized to establish and maintain a special fund or account for the purpose of complying with the tax covenants set forth in Section 16 of this ordinance relating to arbitrage rebate requirements. All earnings from the investment of Tax-Exempt Bond proceeds, or money treated as Tax-Exempt Bond proceeds under the Code, including money in the Reserve Account and allocated to a Tax-Exempt Series of Bonds, in excess of the earnings invested at the yield on such Bonds determined under the

Code, shall be deposited in such fund or account, and any earnings therefrom shall be retained therein until required by the Code to be paid to the United States government or until it shall be determined that such money is not required to be so paid. Such fund or account shall be a trust fund established for the benefit of the United States government.

Section 10. Rate Stabilization Account. The Finance Director may, at any time consistent with the flow of funds set forth in Section 5 of this ordinance, deposit Net Revenue (and any other available money of the Borough, excluding principal proceeds of any Future Parity Bonds or other borrowing) into the Rate Stabilization Account. The Borough may, upon authorization by ordinance, at any time withdraw money from the Rate Stabilization Account for inclusion in the Adjusted Net Revenue for the current Fiscal Year, except that the total amount withdrawn from the Rate Stabilization Account in any Fiscal Year may not exceed an amount equal to the total debt service of the Electric Utility in that year. Such deposits or withdrawals may be made up to and including the date 90 days after the end of the Fiscal Year for which the deposit or withdrawal will be included as Adjusted Net Revenue. Earnings from investments in the Rate Stabilization Account shall be retained in that account and shall not be included as Net Revenue unless and until withdrawn from that account as provided herein. The Borough may deposit earnings from investments in the Rate Stabilization Account into any Electric Utility fund or account as authorized by ordinance, and such deposits shall be included as Adjusted Net Revenue in the year of deposit. No deposit of Net Revenue shall be made into the Rate Stabilization Account to the extent that such deposit would prevent the Borough from meeting the Coverage Requirement in the relevant Fiscal Year.

Section 11. Contract Resource Obligations. The Borough may at any time enter into one or more Contract Resource Obligations for the acquisition, from facilities to be constructed, of electric energy supply, transmission or other commodity or service relating to the Electric Utility. The Borough may determine that, and may agree under a future Contract Resource Obligation to provide that, all payments under that Contract Resource Obligation (including payments prior to the time that electric energy supply or transmission or other commodity or service is being provided, or during a suspension or after termination of supply or service) shall be Operation and Maintenance Expenses if the payments required to be made under the Contract Resource Obligation are not subject to acceleration and the following additional requirements are met at the time such a Contract Resource Obligation is entered into or is deemed to be a Contract Resource Obligation hereunder:

(a) No event of default has occurred and is continuing under the terms of any debt obligation of the Borough in respect of the Electric Utility; and

(b) There shall be on file a certificate of an independent licensed professional engineer or engineering firm stating that in such licensed professional's opinion:

(1) the payments to be made by the Borough in connection with the Contract Resource Obligation are reasonable for the supply or transmission rendered;

(2) the source of any new supply, and any facilities to be constructed to provide the supply or transmission, are sound from an electric energy or other commodity supply or transmission planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide supply or transmission no later than a date set forth in the independent licensed professional engineer's certification; and

(3) the Net Revenue of the Electric Utility will be sufficient to meet the Coverage Requirement for each of the five Fiscal Years following the year in which the Contract Resource Obligation is incurred, where the calculation of Net Revenue: (i) takes into account the adjustments to Net Revenue permitted under the Parity Conditions; and (ii) adjusts the Operation and Maintenance Expense by the independent licensed professional engineer's estimate of the payments to be made in accordance with the Contract Resource Obligation.

(c) The Borough's obligations to SEAPA under the Long-Term Power Sales Agreement is a Contract Resource Obligation.

(d) Nothing in this section shall prevent the Borough from entering into other agreements for the acquisition of electric energy supply, transmission or other commodity or service relating to the Electric Utility from existing facilities and from treating those payments as Operation and Maintenance Expenses. Nothing in this section shall prevent the Borough from entering into other agreements for the acquisition of electric energy supply, transmission or other commodity or service from facilities to be constructed and from agreeing to make payments with respect thereto, such payments constituting a lien and charge on the Net Revenue of the Electric Utility subordinate to that of the Parity Bonds.

Section 12. Future Parity Bonds; Parity Conditions. The Borough hereby covenants and agrees with the owner of the Bonds for as long as they remain outstanding that the Borough will not create any special fund or funds for the payment of any other electric, light, and power revenue bonds that will rank on a parity with or have any priority over the payments out of the Petersburg Borough Electric Utility Enterprise Fund into the Parity Bond Fund (including the Debt Service Account and the Reserve Account therein). The Borough reserves the right, for the purpose of refunding any outstanding bonds that are a lien upon the Net Revenue, or for the purpose of acquiring, constructing and installing additions and improvements to and extensions of and making necessary replacements or other capital improvements to Electric Utility, to issue Future Parity Bonds and to pay into the Parity Bond Fund amounts from the Petersburg Borough Electric Utility Enterprise Fund sufficient to pay the principal of, premium, if any, and interest on such bonds, and to maintain an adequate reserve therefor, which payments may rank equally with the payments out of the Petersburg Borough Electric Utility Enterprise Fund into the Parity Bond Fund, upon compliance with the following conditions:

(1) At the time of the issuance of such Future Parity Bonds there may be no deficiency in the Parity Bond Fund or any accounts therein.

(2) If such Future Parity Bonds are to be designated as Covered Parity Bonds, the ordinance authorizing their issuance must provide that funds sufficient to satisfy the Reserve Requirement for those Future Parity Bonds is to be deposited into the Reserve Account (i) out of the proceeds of the Future Parity Bonds, and/or (ii) from Net Revenue or other sources legally available therefor, in no more than 60 substantially equal monthly installments, with the first installment to be made one month after the issuance of the Future Parity Bonds. The Reserve Requirement may also be satisfied, in whole or in part at any time, by Qualified Insurance or a Qualified Letter of Credit.

(3) So long as the Bonds remain outstanding, prior to the delivery of any Future Parity Bonds the Borough shall have on file in the office of the Borough Clerk either:

(A) a certificate of the Finance Director of the Borough, supported by the Electric Utility financial statements, demonstrating that the Adjusted Net Revenue of the Electric Utility for any twelve consecutive months out of the 24 months preceding the dated date of the proposed Future Parity Bonds will be sufficient to satisfy the Coverage Requirement with respect to the Parity Bonds then outstanding, plus the Future Parity Bonds proposed to be issued; or

(B) a certificate of an independent professional engineer or certified public accountant dated not earlier than 90 days prior to the date of delivery of such Future Parity Bonds and showing that for each calendar or Fiscal Year after the issuance of such Future Parity Bonds, the Adjusted Net Revenue (determined and further adjusted as provided in this paragraph) will equal at least the Coverage Requirement for all Parity Bonds then outstanding, plus the Future Parity Bonds proposed to be issued. For purposes of this calculation, the Adjusted Net Revenue shall be the Adjusted Net Revenue for a period of any twelve consecutive months out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds as adjusted by such engineer or accountant to take into consideration changes in Net Revenue estimated to occur under one or more of the following conditions for each year after such delivery for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, shall be outstanding:

- (i) any increase or decrease in Net Revenue that would result if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such 12-month period had been in force during the full 12-month period;
- (ii) 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 Electric Utility that (a) became fully operational subsequent to the beginning of such 12-month 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;
- (iii) the additional Net Revenue that would have been received if any customers added to the Electric Utility subsequent to the beginning of such 12-month period were customers for the entire period.

A certificate delivered by an engineer or accountant shall be based upon, and shall have attached thereto, financial statements of the Electric Utility, certified by the Finance Director, showing income and expenses for the period upon which the same is based.

The certificate or certificates delivered pursuant to this subsection shall be conclusive and the only evidence required to show compliance with the provisions and requirements of this subsection.

(4) Notwithstanding the foregoing requirements, if Future Parity Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of then outstanding Parity Bonds and the issuance of such refunding bonds results in a debt service savings and does not require an increase of more than \$5,000 in any year for Annual Debt Service on such refunded bonds, the certificate or certificates required by subsection (3) of this section need not be obtained.

Section 13. Subordinate Bonds. Nothing contained in this ordinance shall prevent the Borough from issuing utility revenue bonds or warrants that are a charge upon the Net Revenue of the Electric Utility or the money in the Electric Fund junior or inferior to the payments to be made into the Parity Bond Fund, or from issuing such bonds or warrants to refund maturing bonds or warrants for the payment of which money is not otherwise available.

Section 14. Form and Execution of Bond.

(a) Form of Bond; Signatures and Seal. The Bond shall be prepared in a form consistent with the provisions of this resolution and State law. The Bond shall be executed on behalf of the Borough with the manual or facsimile signature of the Borough Manager, shall be attested by the manual or facsimile signature of the Borough Clerk, and the seal of the Borough shall be impressed or a facsimile thereof imprinted thereon. Only such Bond as bears a Certificate of Authentication in the form set forth in Section 5 of this resolution, manually executed by the Registrar shall be valid or obligatory for any purpose or entitled to the benefits of this resolution. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this resolution.

In case either of the officers who have executed a Bond cease to be an officer of the Borough before the Bond so signed has been authenticated or delivered by the Registrar, or issued by the Borough, such Bond may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance shall be as binding upon the Borough as though those who signed the same had continued to be such officer of the Borough. The Bond may also be signed and attested on behalf of the Borough by such persons who are at the actual date of delivery of the Bond the proper officers of the Borough, although at the original date of the Bond any such person was not such officer.

(b) Authentication. Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution: "*Certificate Of Authentication.* This is the fully registered Petersburg Borough, Electric Revenue Bond, 2022 (Alaska Municipal Bond Bank Loan), dated ____, 2022, as described in the Bond Ordinance." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

Section 15. 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 a 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 Parity Bond Fund for the payment of the principal of and interest on that Bond or portion thereof so provided for, and the 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 the Bond or portion thereof shall be deemed not to be outstanding hereunder.

Section 16. Tax Covenants. For each Series of the Bonds, the Finance Director shall determine whether such Series is to be issued as Tax-Exempt Bonds, Tax Credit Subsidy Bonds, or Taxable Bonds, and may approve such additional terms and covenants relating to

federal tax matters as the Finance Director deems necessary or appropriate, including the following:

(a) *Tax Exempt Bonds.* For each Series of the Bonds issued as Tax-Exempt Bonds, the Borough covenants that it will take all actions that are reasonably within its power and necessary to prevent interest on that Series from being included in gross income for federal income tax purposes. The Borough further covenants that it will neither take any action nor make or permit any use of gross proceeds of that Series (or other funds of the Borough treated as gross proceeds of that Series) at any time during the term of such Series that will cause interest on such Series to be included in gross income for federal income tax purposes. The Borough also covenants that, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to any Series issued as Tax-Exempt Bonds, it will take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with that Series (including the calculation and payment of any penalties that the Borough may elect to pay as an alternative to calculating rebatable arbitrage and the payment of any other penalties if required under Section 148 of the Code) to prevent interest on such Series from being included in gross income for federal income tax purposes.

(b) *Taxable Bonds; Tax Credit Subsidy Bonds.* For each Series of the Bonds issued as Taxable bonds or as Tax Credit Subsidy Bonds, if any, the Finance Director is authorized to make provision in the Bonds and related documents, to execute additional written agreements, and to make additional covenants on behalf of the Borough, all as the Finance Director may deem necessary or appropriate in order to obtain, maintain, and administer such tax status. In the case of Tax Credit Subsidy Bonds, such additional covenants and agreement may include (without limiting the generality of the foregoing) those necessary in order for the Borough (or the Purchaser, as appropriate): (i) to receive from the United States Treasury the applicable Tax Credit Subsidy Payments in respect of such Tax Credit Subsidy Bonds; and (ii) to ensure that such Series otherwise become and remain eligible for tax benefits under the Code.

(c) *Tax Certificate.* If the Bonds are issued as Tax-Exempt Bonds or Tax-Credit Subsidy Bonds, upon the issuance of the Bonds, the Finance Director is authorized to execute a federal tax certificate (the "Tax Certificate"), which will certify to various facts and representations concerning the tax treatment of the Bonds, based on the facts and estimates known or reasonably expected on the date of their issuance, and make certain covenants as may be necessary or desirable to obtain or maintain the benefits conferred under the Code relating to Tax-Exempt Bonds or Tax Credit Subsidy Bonds. The Borough 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 Bonds. The Finance Director is further authorized and directed to review and update the Borough's written procedures to facilitate compliance by the Borough with the covenants in this ordinance, the Tax Certificate, and the applicable requirements of the Code that must be satisfied after the Issue Date to ensure post-issuance compliance with those federal tax requirements.

(d) *Bank Qualification.* The Borough has not designated the Bonds as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code.

Section 17. Lost or Destroyed Bond. If a Bond is lost, stolen or destroyed, the Registrar may authenticate and deliver a new Bond of like series, amount, date, and tenor to the Registered Owner upon such owner's paying the expenses and charges of the Borough 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 such Bond was actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the Borough with indemnity satisfactory to the Registrar.

Section 18. Execution of the Bonds. Each Bond shall be signed on behalf of the Borough by the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile signature of the Borough Clerk, and the seal of the Borough shall be impressed or imprinted thereon.

Only a Bond that bears a Certificate of Authentication in the form set forth in Section 14 hereof, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. The executed 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 of the officers of the Borough who have signed, attested, authenticated, registered or sealed a Bond cease to be such officers before the Bond so signed, attested, authenticated, registered or sealed has been actually issued and delivered, that Bond shall be valid nevertheless and may be issued by the Borough with the same effect as though the persons who had signed, attested, authenticated, registered or sealed that Bond had not ceased to be such officers. A Bond may also be signed, attested, authenticated, registered or sealed on behalf of the Borough by such persons as at the actual date of execution of the Bond shall be the proper officers of the Borough although at the original date of the Bond any such person was not such officer.

Section 19. Application of Bond Proceeds. The Borough has previously created the special funds within the Electric Fund to pay the cost and expense of the Projects (the "Project Funds"). At the time of delivery of the Bonds, the proceeds of the sale of the Bonds shall be deposited as follows:

(a) The accrued interest to the date of delivery, if any, shall be deposited in the Parity Bond Fund and used to pay a portion of interest on the Bonds on the first interest payment date; and

(b) The remaining Bond proceeds shall be deposited in the Project Funds and used to pay costs of the Project and costs of issuance of the Bonds, as authorized by the Election Ordinance; provided, however, that any Bond Premium exceeding the costs of issuing the Bonds shall be deposited in the Parity Bond Fund.

Money remaining in the Project Funds after all such costs have been paid or reimbursed shall be applied to other purposes authorized by the Election Ordinance or deposited into the Parity Bond Fund.

Money in the Project Funds may be invested in Permitted Investments, as permitted by law. All interest earned and profits derived from such investments shall be retained in and become a part of the Project Funds.

Section 20. Sale of the Bonds; Execution and Amendment of Loan Agreement. The Finance Director and Borough Manager are authorized to complete the sale of the Bonds to the Bond Bank on terms and conditions consistent with this ordinance and a Loan Agreement for each series in substantially the form set forth on Exhibit A attached to this ordinance (each, a

“Loan Agreement”). Following the sale of the Bond Bank Bonds, the terms and conditions for each Bond, including series designation, principal amount, date, principal installment payment schedule, interest rates and prepayment provisions, all as provided for in this ordinance, shall be set forth in a Loan Agreement, subject to the Finance Director’s approval, which approval shall be conclusively evidenced by the execution of the Loan Agreement by the Finance Director and the delivery of the Loan Agreement to the Bond Bank.

The Finance Director is further authorized from time to time to approve a revised schedule of principal payment amounts and interest rates for the Bonds, in accordance with the refinancing provisions of the Loan Agreement in connection with a refunding of the Bond Bank Bonds, so long as the revised debt service schedule is financially advantageous to the Borough. The Finance Director is authorized to sign an amendment to the Loan Agreement that sets forth the revised debt service schedule, and the Borough Manager, Finance Director, Borough Attorney, Borough Clerk, and other appropriate officers of the Borough are authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, or instruments as in their judgment may be necessary, appropriate or desirable for refinancing the Bonds in connection with a refunding of the Bond Bank Bonds.

Section 21. Ongoing Disclosure. The Borough acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the Borough 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 Borough shall undertake to provide certain annual financial information and operating data as set forth in a Loan Agreement.

Section 22. General Authorization; Prior Acts. The Borough Manager, Finance Director, Borough Attorney, Borough Clerk, and other appropriate officers of the Borough are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, or instruments as in their judgment may be necessary, appropriate, or desirable to carry out the terms and provisions of and complete the transactions.

Section 23. Prior Acts. 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 Borough 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 Bonds.

Section 25. Effective Date. This ordinance will take effect immediately upon its passage and is not subject to referendum in accordance with the restrictions on referendum provided in Section 6.01.B.2 of the Borough Charter.

PASSED AND APPROVED by the Borough Assembly of the Petersburg Borough, Alaska, at a regular meeting of the Assembly held on March 7, 2022.

PETERSBURG BOROUGH, ALASKA

By _____
Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

EXHIBIT A

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of the [] day of April 2022 (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 **Petersburg Borough, Alaska**, a duly constituted home rule borough of the State (the “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 Borough is a “Governmental Unit” as defined in the General Bond Resolution of the Bank hereinafter mentioned and is authorized to accept a Loan from the Bank, evidenced by its municipal bond; and

WHEREAS, the Borough desires to borrow money from the Bank in the amount not to exceed \$7,800,000 to finance a portion of the capital costs of certain electric utility projects (the “Electric Utility Project”) and has submitted an application to the Bank for a Loan in the amount not to exceed \$7,800,000 (the “Electric Utility Loan”) to pay a portion of the costs of the Electric Utility Project; and

WHEREAS, the Borough has duly authorized the issuance of its fully registered Petersburg Borough, Alaska Electric Utility Revenue Bond, 2022 in the principal amount of \$[PAR] (the “Municipal Bond”), which Municipal Bond is to be purchased by the Bank as evidence of and security for the Borough’s obligation to repay the Electric Utility Loan in accordance with this Loan Agreement; and

WHEREAS, the application of the 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 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 January 27, 2022 the Board adopted Series Resolution No. 2022-01 (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, 2022 Series One (the “2022 Bonds”), make the Electric Utility Loan to the Borough and purchase the Borough’s Municipal Bond.

NOW, THEREFORE, the parties agree as follows:

1. The Bank hereby makes the Electric Utility Loan, and the Borough, hereby accepts the Electric Utility Loan in the principal amount of \$[PAR]. As evidence of the Electric Utility Loan made to the Borough and such money borrowed from the Bank by the Borough, the 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 Borough represents that it has duly adopted or will adopt all necessary ordinances or resolutions, including Ordinance No. 2021-12, passed on August 16, 2021 (the "Election Ordinance"), and Ordinance No. 2022-01, passed on March 7, 2022 (the "Municipal Bond Ordinance" and, together with the Election Ordinance, the "Borough Ordinance"). The Borough further represents to the Bank that the Borough has taken or will take all 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 revenue bond, secured by a special and limited obligation of the Borough, all duly authorized by the Borough Ordinance.

The Borough represents that the Borough 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 Borough to the Bank.

3. Subject to any applicable legal limitations, the amounts to be paid by the 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 Electric Utility Loan and to purchase the Municipal Bond (the "Loan Obligations") and shall be paid by the Borough 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 Borough pursuant to this Loan Agreement representing principal due on its Municipal Bond in amounts sufficient to pay the principal of the Loan Obligations as the same matures based upon the maturity schedule stated in Exhibit A (the "Municipal Bond Principal Payments"), shall be paid at least seven (7) Business Days before the payment date stated in the Municipal Bond.

5. In the event the amounts referred to in Sections 3 and 4 hereof to be paid by the Borough pursuant to this Loan Agreement are not made available at any time specified herein, the 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 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 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 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 Borough for the Borough's approval, a revised schedule of principal installment amounts and interest rates for the Municipal Bond. If approved by the 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 Borough is obligated to pay to the Bank Fees and Charges. Such Fees and Charges actually collected from the Borough shall be in an amount sufficient, together with the 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 Borough's Allocable Proportion of the Administrative Expenses of the Bank; and

(b) to pay, as the same become due, the Borough's Allocable Proportion of the fees and expenses of the Trustee and paying agent for the Loan Obligations.

The 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 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 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 Borough shall not redeem prior to maturity any portion of the Borough's 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 Borough shall give the Bank at least 50 days' prior written notice of the Borough's intention to redeem its Municipal Bond.

In the event that 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 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 that 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 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 that all or a portion of the Loan Obligations have been refunded, the amount which the 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 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 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 special and limited obligation of the Borough, secured solely by the Net Revenue of the Electric Utility and by money in the Parity Bond Fund.

11. Invoices for payments under this Loan Agreement shall be addressed to the Borough, Attention: [Karl Hagerman, Utility Director,] P.O. Box 329, Petersburg, Alaska 99833. The 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 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 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.

13. The Borough covenants and agrees that it will establish, fix, prescribe, and collect rates and charges for the sale or use of electric power and energy service or other services of the Electric Utility that, together with other income thereof, are reasonably expected to yield Net Revenue equal to at least 1.25 times the Annual Debt Service on the Parity Bonds for the forthcoming Fiscal Year.

14. The 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 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 Borough agrees that all records required by the preceding sentence shall be made available to the Bank upon request.

15. Prior to payment of the amount of the Electric Utility 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 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 Borough has violated commitments made by it in the terms of this Loan Agreement.

(c) The financial position of the 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 the 2022 Bonds, and receipt of the proceeds thereof.

17. The Borough agrees that it will provide the Bank with written notice of any default in covenants under the Borough Ordinance within thirty (30) days after the date thereof.

18. The 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 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 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 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 Borough shall indemnify and hold harmless the Bank from any obligation of the Borough to make rebate payments to the United States under said Section 148 arising from the Borough’s use or investment of the proceeds of the Municipal Bond.

19. Upon request of the Bank, the Borough agrees that if its bonds constitute twenty percent (20%) 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.

20. The Borough agrees that if its bonds constitute twenty percent (20%) or more of the outstanding principal of municipal bonds held by the Bank under its General Bond Resolution it shall provide to the Bank for inclusion in future official statements of the Bank and the Bank's annual reports, to the extent required by the Bank's continuing disclosure undertakings, financial and operating information of the Borough of the type and in the form requested by the Bank.

21. 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.

22. 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.

23. 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.

24. 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 and if not defined herein or in Article I of the General Bond Resolution, shall have the meanings given to them in Exhibit B hereto.

25. This Loan Agreement shall remain in full force and effect so long as the Municipal Bond remains outstanding.

26. 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

PETERSBURG BOROUGH, ALASKA

By: _____

Its: _____

EXHIBIT A

\$[PAR]
Petersburg Borough, Alaska
Electric Utility Revenue Bond, 2022
(the "Municipal Bond")

Due (_____ 1)	Principal <u>Amount</u>	Interest <u>Rate</u>
------------------	----------------------------	-------------------------

Principal installments shall be payable on _____ 1 in each of the years, and in the amounts set forth above. Interest on the Municipal Bond shall be payable on _____ 1, 20____, and thereafter on _____ 1 and _____ 1 of each year.

[Prepayment Provisions: The Municipal Bond principal installments are not subject to prepayment prior to maturity.]

Optional Prepayment: The Municipal Bond principal installments due on or after _____ 1, 20____ are subject to prepayment in whole or in part at the option of the 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

Additional defined terms

“Annual Debt Service” for any particular year means, for the Municipal Bond, or of Future Parity Bonds, as applicable, an amount equal to the sum of (i) all interest payable during such year in respect of such outstanding bonds plus (ii) the Principal Installment or Installments due during such year on such outstanding bonds, calculated on the assumption that bonds outstanding on the day of calculation cease to be outstanding by reason of, but only by reason of, payment upon maturity, or earlier mandatory redemption and application to such purposes of any Sinking Fund Requirements, or payments into the Parity Bond Fund, required by the ordinance or resolution authorizing issuance of such bonds. Annual Debt Service for each Fiscal Year shall be reduced by subtracting the amount scheduled to be received by the Borough as a Tax Credit Subsidy Bond Payment (if any) in each such Fiscal Year in respect of any Parity Bonds issued as Tax Credit Subsidy Bonds.

“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 any series of Parity Bonds issued with interest that is intended to be excludable from gross income for federal income tax purposes.

“Contract Resource Obligation” means an obligation of the Borough to make payments to another person or entity for electric energy supply, transmission or other commodity or service relating to the Electric Utility, which obligation is designated as a Contract Resource Obligation for purposes of the Municipal Bond Ordinance.

“Debt Service Account” means the account of that name created within the Parity Bond Fund pursuant to the Municipal Bond Ordinance.

“Debt Service Reserve Account” means the account of that name created within the Parity Bond Fund pursuant to the Municipal Bond Ordinance.

“Electric Utility” means the municipal light and power generation, transmission, and distribution systems now belonging to, or which may hereafter belong to, Petersburg Borough Electric Utility, as the same may be added to, improved, or extended from time to time, and operated pursuant to chapter 3.40 of the Borough Code.

“Fiscal Year” means the Fiscal Year used by the Borough at any time. At the time of the passage of the Municipal Bond Ordinance, the Fiscal Year is the twelve-month period beginning on July 1 and ending on June 30 of each year.

“Future Parity Bonds” means any revenue bonds of the Borough, other than the Municipal Bond, the principal of and interest on which are payable out of money in the Petersburg Borough Electric Utility Enterprise Fund on a parity with the payments required to be made into the Parity Bond Fund in respect of the Municipal Bond and any Outstanding Parity Bonds.

“Gross Revenue” means all of the earnings and revenues of any kind or nature received by the Borough from the operation and maintenance of the Electric Utility. Gross Revenue excludes: (1) revenues from assessments collected in any local improvement district or utility local improvement

district; (2) amounts collected in respect of municipal utility taxes or payments in lieu of taxes; (3) proceeds of grants from the federal, state, or local governments; (4) gifts to the Electric Utility for capital purposes; (5) proceeds from the sale of Borough or Electric Utility property; (6) proceeds of Borough or Electric Utility obligations; (7) earnings or proceeds from any investments in any trust, defeasance or escrow fund created to defease or refund Electric Utility obligations until commingled with other earnings and revenues of the Electric Utility; (8) insurance proceeds compensating the Borough for the loss of a capital asset or the proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues); and (9) Tax Credit Subsidy Bond Payments.

“Net Revenue” means all Gross Revenue less the Operation and Maintenance Expense.

“Operation and Maintenance Expense” means all reasonable expenses incurred by the Borough in causing the Electric Utility to be operated and maintained in good repair, working order and condition and properly treated as maintenance and operation expenses under generally accepted accounting principles applicable to similar municipal utilities, including: payments due under Contract Resource Obligations; all payments made to another person or agency for acquisition of electric energy; any deposits, premiums, assessments or other payments for insurance, if any, on the Electric Utility; amounts paid in respect of Electric Utility employee pensions and post-employment benefits (if any); and overhead and administration expenses allocated to the Electric Utility. Operation and Maintenance Expenses excludes: non-cash accounting items (e.g., depreciation, amounts treated as expenses under accounting guidelines with respect to unfunded contributions to pension or other post-employment benefit plans, non-exchange financial guarantees, environmental liabilities, and similar items); payments on contracts for the acquisition of electric energy or capability under which no energy has been furnished to the Borough (other than payments under Contract Resource Obligations); and any amounts paid in respect of municipal utility taxes or payments in lieu of taxes.

“Outstanding Parity Bonds” when used in reference to a particular date (or series of Parity Bonds), Outstanding Parity Bonds shall mean those Parity Bonds that are outstanding as of that date (or as of the issue date of such series).

“Parity Bond Fund” means the Electric Utility Parity Bond Fund created pursuant to the Municipal Bond Ordinance to pay and secure the payment of the Municipal Bond and any Future Parity Bonds, which is divided into a Debt Service Account and a Debt Service Reserve Account.

“Parity Bonds” means the Municipal Bond and any Future Parity Bonds.

“Principal Installment” means, as of any date of calculation and with respect to any one or more series of Parity Bonds, the principal amount of bonds of such series due on a certain future date, plus the amount of any Sinking Fund Requirement due on that date in respect of bonds of such series that are term bonds.

“Sinking Fund Requirement” means, for any Fiscal Year, the principal portion (and required redemption premium, if any) of any term bond that is required to be purchased, redeemed, or paid at maturity, as established in this Loan Agreement or bond purchase contract.

“Tax Credit Subsidy Bond” means any bond that is designated by the Borough as a Tax Credit Subsidy Bond, pursuant to Section 54AA of the Code or any substantially similar taxable tax

credit bond program, and which is further designated by the Borough as a “qualified bond” with respect to which the Borough is eligible to receive a tax credit payable by the United States Treasury to the Borough under Section 6431 or a substantially similar provision of the Code.

“Tax Credit Subsidy Bond Payments” means those amounts which the Borough is entitled to receive from the United States Treasury in respect of any bonds issued as Tax Credit Subsidy Bonds.

CERTIFICATE

I, the undersigned, the duly appointed Clerk of the Petersburg Borough, Alaska (the "Borough"), DO HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. 2022-01 (the "Ordinance") passed by the Borough Assembly at a regular meeting thereof held on March 7, 2022, and the Ordinance has been 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 was present throughout the meeting and a legally sufficient number of members of the Borough Assembly voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper adoption of the Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

3. The Ordinance has not been amended, modified, or superseded or repealed since the date of its passage.

IN WITNESS WHEREOF, I have hereunto set my hand dated as of _____, 2022.

Debra K. Thompson, Borough Clerk
Petersburg Borough, Alaska

**PETERSBURG BOROUGH
ORDINANCE #2022-02**

**AN ORDINANCE AMENDING SECTION 2.20.050 OF THE PETERSBURG
MUNICIPAL CODE, ENTITLED "RESTRICTIONS ON DUAL OFFICE HOLDING",
TO PROHIBIT AN ASSEMBLY MEMBER FROM BEING A CANDIDATE FOR
MAYOR UNLESS THE ASSEMBLY MEMBER FIRST RESIGNS FROM THE
ASSEMBLY, EXCEPT WHERE THE ASSEMBLY MEMBER'S TERM ENDS
CONCURRENTLY WITH THAT OF THE INCUMBENT MAYOR**

WHEREAS, Municipal Code Section 2.20.050 currently allows a qualified person to file a declaration of candidacy for an elected office while serving in another elected office; and

WHEREAS, in the case of the Borough Assembly, a seated Assembly member could file a declaration of candidacy for the seat of Mayor without resigning the Assembly member seat, and if the Assembly member were to be elected to the position of Mayor, a vacancy of the Assembly seat would occur. The newly elected Mayor would then be one of six (6) Assembly members who will appoint a replacement for the vacant Assembly member seat until the next municipal election; and

WHEREAS, the above scenario could cause a "stacking" of aligned political opinioned members on the Assembly.

Therefore, the Petersburg Borough Ordains, Section 2.20.050 of the Petersburg Municipal Code is hereby amended as follows:

Section 1. Classification: This ordinance is of a general and permanent nature and shall be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to amend Section 2.20.050 to prohibit an assembly member from being a candidate for mayor unless the assembly member first resigns from the assembly, except where that assembly member's term ends concurrently with that of the incumbent mayor.

Section 3. Substantive Provisions: Section 2.20.050 of the Petersburg Municipal Code, entitled '*Restrictions on dual office holding*' is hereby amended as follows. The additions are in red and underlined, and the language proposed for deletion is struck through:

2.20.050 - Restrictions on dual office holding.

A. A qualified person may file a declaration of candidacy for only one elected borough office at any given election. **Except as set out in paragraph B below,** ~~a~~ person may file for an elected office while serving in another elected office, however, a qualified person may only hold one elected office at a time.

B. An assembly member, other than the incumbent mayor, may not file a declaration of candidacy for the office of mayor unless that assembly member first resigns from the assembly, except where that assembly member's term ends concurrently with that of the incumbent mayor. The assembly member shall tender the member's letter of resignation to the assembly prior to the

filing, or to the Clerk at the time of filing who will then tender the letter to the assembly at its next regular meeting.

- C.B.** A borough administrative officer may be elected or appointed to a borough advisory board or other borough board and commission established by ordinance. Administrative officers may not hold elected borough office on the assembly, school board, hospital board or planning commission.

Section 4. Severability: If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected.

Section 5. Effective Date: This Ordinance shall become effective immediately upon final passage.

Passed and approved by the Petersburg Borough Assembly, Petersburg, Alaska this ____ day of _____, 2022.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

Adopted:
Noticed:
Effective:

**PETERSBURG BOROUGH
ORDINANCE #2022-03**

**AN ORDINANCE AMENDING PETERSBURG MUNICIPAL CODE CHAPTER 14.20,
ENTITLED "MUNICIPAL HARBORS", TO INCREASE HARBOR FEES**

WHEREAS, Petersburg's Municipal Harbor Department and the Harbors and Ports Advisory Board recommend an increase in moorage and use fees to bring harbor revenues in line with expenses; and

WHEREAS, harbor fees were last increased in 2018 at the recommendation of the Waterfront Master Plan, adopted along with the Petersburg Borough Comprehensive Plan dated February 22, 2016 by Ordinance #2016-02.

THEREFORE, THE PETERSBURG BOROUGH ORDAINS, as follows:

Section 1. Classification: This ordinance is of a general and permanent nature and shall be codified in the Petersburg Municipal Code.

Section 2. Purpose: The purpose of this ordinance is to increase harbor fees to bring harbor revenues in line with expenses.

Section 3. Substantive Provisions: Section 14.20.390, *Fees and charges for services*, of Chapter 14.20 entitled "Municipal Harbors", of the Petersburg Municipal Code shall be amended to read as follows (the language proposed for deletion is struck through, and the new language is in blue and underlined):

Chapter 14.20 MUNICIPAL HARBORS

14.20.390 Fees and charges for services.

A. Annual Moorage fees.

1. Unless otherwise stated in this chapter, the base moorage fee (also referred to as the permanent stall rate), available to a vessel which has a moorage contract for a stall in the municipal harbors located in Service Area 1 for a minimum term of seven full consecutive months, is as follows:

Stall length	\$ per foot
18 ft.	× \$37.00 = \$666.00 (\$55.50 mo.) <u>\$39.00 = \$702.00 (\$58.50 mo.)</u>
20 ft.	× \$37.00 = \$740.00 (\$62.00 mo.) <u>\$39.00 = \$780.00 (\$65.00 mo.)</u>
26 ft.	× \$37.00 = \$962.00 (\$81.00 mo.) <u>\$39.23 = \$1,020.00 (\$85.00 mo.)</u>
32 ft.	× \$37.00 = \$1,184.00 (\$99.00 mo.) <u>\$39.38 = \$1,260.00 (\$104.00 mo.)</u>
40 ft.	× \$41.45 = \$1,658.00 (\$138.00 mo.) <u>\$43.50 = \$1,740.00 (\$145.00 mo.)</u>

42 ft.	$\times \$41.45 = \$1,740.90$ ($\\$145.00$ mo.) <u>$\\$43.71 = \\$1,836.00$ ($\\$152.00$ mo.)</u>
48 ft.	$\times \$48.00 = \$2,304.00$ ($\\$192.00$ mo.) <u>$\\$50.00 = \\$2,400.00$ ($\\$200.00$ mo.)</u>
50 ft.	$\times \$48.00 = \$2,400.00$ ($\\$200.00$ mo.) <u>$\\$50.40 = \\$2,520.00$ ($\\$210.00$ mo.)</u>
50 ft. wide (55)	$\times \$48.00 = \$2,640.00$ ($\\$220.00$ mo.) <u>$\\$50.62 = \\$2,784.00$ ($\\$230.00$ mo.)</u>
60 ft.	$\times \$54.50 = \$3,270.00$ ($\\$272.50$ mo.) <u>$\\$59.20 = \\$3,552.00$ ($\\$296.00$ mo.)</u>
62 ft.	$\times \$54.50 = \$3,379.00$ ($\\$281.50$ mo.) <u>$\\$60.00 = \\$3,720.00$ ($\\$310.00$ mo.)</u>
75 ft.	$\times \$54.50 = \$4,087.50$ ($\\$340.50$ mo.) <u>$\\$57.20 = \\$4,290.00$ ($\\$357.50$ mo.)</u>
100 ft.	$\times \$54.50 = \$5,450.00$ ($\\$454.00$ mo.) <u>$\\$57.24 = \\$5,724.00$ ($\\$476.00$ mo.)</u>

2. Monthly 20-foot stall rental in South Harbor:

- a. 1—11 months: ~~$\$62.00$~~ $\$65.00$
- b. 12 months: ~~$\$31.00$~~ $\$32.50$ (prepaid)

3. Overhanging stall: One dollar per foot, per month, except there shall be no overhanging stall fee charged to the 20-foot stalls in South Harbor.

4. Unless otherwise stated in this chapter, the base semi-annual moorage fees available to a vessel which has a moorage contract for a stall in the municipal harbors located in service area 1 for a term of 3 to 6 consecutive months shall be charged ~~$\$5.60$~~ $\$5.88$ per linear foot per month.

B. Use fees.

1. Transient vessel moorage fees.

- a. The owner, master or agent of any transient vessel moored within the municipal harbors for less than ten days in any calendar month shall pay per day, or any portion thereof, moorage based on the length of vessel as follows:
 - i. All ~~United States registered~~ vessels: ~~$\$0.72$~~ $\$0.75$ per linear foot.
 - ii. ~~Foreign registered vessels 75 feet and under: $\$0.72$ per linear foot.~~ Non-Commercial Fishing >90 foot: Daily $\$1.50$ per linear foot.
- b. The owner, master or agent of any transient vessel moored within the municipal harbors for ten days or more in any calendar month shall pay moorage at the rate of ~~$\$7.20$~~ $\$7.50$ per linear foot per calendar month except as set out below.
 - i. ~~Foreign registered vessels over 75 feet: $\$1.45$ per linear foot~~ Non-Commercial Fishing >90 foot: Monthly $\$15.00$ per linear foot.

2. Skiff float use. The owner, master or agent of any vessel moored at the skiff float shall be charged $\$2.00$ per linear foot per month.

3. Grid use fee. The owner, master or agent of any vessel using a grid shall pay for the use of the grid at the following rate per linear foot (vessel length) per day:

- a. Wood grid, ~~$\$0.65$~~ $\$0.70$.
- b. Steel grid, ~~$\$1.10$~~ $\$1.20$.

4. Live-aboard fee. The vessel owner, master or agent shall pay the following rate per month for persons living aboard a vessel:
 - a. One person, \$~~6065~~.00.
 - b. Each additional person, \$~~2530~~.00.
5. Launching ramp permit fee.
 - a. Commercial use of launching ramp. Persons launching vessels without purchasing an annual launch permit shall pay \$~~2830~~.00 for each launch. An annual launch permit for commercial use may be purchased at a cost of \$~~28300~~.00 for unlimited use of the launching facilities.
 - b. Noncommercial use of launching ramp. Persons launching vessels without purchasing an annual launch permit shall be charged \$~~1015~~.00 for each launch. An annual launch permit may be purchased at a cost of \$~~3550~~.00 for the first permit and \$~~17,5025~~.00 each for each additional permit (each trailer must have its own permit) for unlimited use of the launching facilities. The permit must be attached to the tongue of the trailer.
6. Port facility use fee.
 - a. Dock face moorage fee. The owner, master or agent of any vessel mooring at a dock face shall pay \$~~1,002.50~~ per linear foot (vessel length) for each 24-hour period or portion thereof.
 - b. Wharfage fee. The owner, master or agent of any vessel loading or unloading freight at the port dock shall pay \$5.00 per ton of freight loaded or unloaded.
 - c. Upland outdoor storage fees. The owner, master or agent of a vessel whose gear or equipment is stored at an upland outdoor storage area of a municipal harbor shall pay \$0.~~2630~~ per square foot of storage space rented per month. Prior approval of the harbormaster is required.
7. Port dock, drive down bulkhead, launch ramp and crane dock loading/off-loading use fee.
 - a. Persons engaged in loading or off-loading materials, equipment, gear or any other items onto or off vessels at the port dock, drive down bulkhead or crane dock shall be charged \$~~2550~~.00 for each vessel loaded or off-loaded or \$~~250300~~.00 annually for unlimited use of one of the docks for loading/off-loading. Prior approval of the harbormaster is required.
 - b. Vessels are limited to 4 hours moorage within a 24-hour period on the crane dock and drive down bulkhead. Additional time may be granted by the harbor master.
8. Commercial Drive Down Dock and Drive Down Bulkhead Permit.
 - a. Annual Permit: \$~~2,803~~.00 per lineal foot of vessel.
 - b. Per Use Basis: \$1.00 per lineal foot of vessel per use.
 - c. Vessels are limited to 4 hours of active loading and unloading activity within a 24-hour period. Additional time may be granted by the harbormaster.
 - d. Specific areas are available for vessel repair and maintenance. Reservations must be made prior through the harbormaster. Vessels will be charged \$1.00 per foot per day for reserved space.
9. Crane use fee. The owner, master or agent of any vessel using the crane shall be charged \$~~3540~~.00 for each hour of use, or portion thereof.
10. Boat pumping fee. The owner, master or agent of a vessel pumped shall pay \$60.00 per hour (with a one-hour minimum fee) for the vessel pumping service.
11. Snow removal fee. The owner, master or agent of a vessel provided with snow removal service shall pay \$40.00 per hour (with a one-hour minimum fee).

12. Transient electrical service fee. The owner, master or agent of a vessel provided electrical service, if available, shall pay:
 - a. \$6.00 per day for 30 amp service;
 - b. \$10.00 per day for 50 amp service;
 - c. \$34.00 per day for 60 amp service; and
 - d. \$57.00 per day for 100 amp service.
13. Electric adapter plug rental fee.
 - a. 30 amp/110v adapter - \$5.00 per day;
 - b. 60 amp 3 phase/50 amp adapter - \$10.00 per day after a 10 day grace period;
 - c. 100 amp plug - \$10.00 per day after a 10 day grace period.
14. Impounding fee for gear or other equipment left on dock or floats. The owner, master or agent of a vessel whose gear or equipment, including skiffs, is left on the docks or floats after the harbormaster has directed the items to be removed, after the vessel has left the harbor, or for a period in excess of 24 hours, shall be charged a ~~\$50~~75.00 minimum impound fee for those items, plus \$3.00 per day as the storage fee on the impounded items. Impounded items may, at the discretion of the harbormaster, be discarded if not claimed within 30 days.
15. Vessel moving/towing fee for vessels moored within the municipal harbors. The owner, master or agent of any vessel moored within the municipal harbors which is moved or towed within the facility shall be charged \$1.~~25~~50 per linear foot (vessel length) for the moving/towing service. The moving/towing service shall be provided at the discretion of the harbormaster.
16. Harbor skiff emergency use fee. The owner, master or agent of any vessel requiring the emergency use of the harbor skiff shall pay \$40.00 per hour (with a one-hour minimum fee) for the skiff emergency service.
17. Power-washer use. The owner, master or agent of any vessel using the power-washer shall be charged ~~\$35~~40.00 per hour, or any portion thereof.
18. Harbor showers. Use of the showers at the harbormaster's building shall be charged \$2.00 for each seven and one-half minutes.
19. Tour ship docking fees.
 - a. Float side inner harbor: ~~\$450~~500.00 per stop;
 - b. Port dock and drive down bulkhead: ~~\$560~~600.00 per stop;
 - c. Lighters to the harbor will be charged ~~\$280~~400.00 per each 24 hours;
 - d. Drive Down Float: \$700.00 per stop, 8 hour maximum; time over 8 hour maximum \$100.00 per hour;
 - c. Homeland Security Fee: \$400.00 per stop.
20. Tour ship schedule or docking location change fee (in effect from April 30 through October 31 annually) \$200.00 per change, per vessel.
21. Tour ship trip cancellation. Prepaid tour ship docking and other use fees will not be refunded for ship cancellations received by the borough after April 30 of each year.
22. Garbage, waste oil disposal fees and water fees.
 - a. Vessels not using the harbor facilities for moorage but disposing of garbage or waste oil or obtaining water shall be charged fees as follows:

- i. Garbage disposal, \$25.00 per cubic yard;
 - ii. Waste oil disposal, \$5.~~5000~~ per five gallons, \$~~40~~50.00 per barrel, plus expenses incurred by the borough in disposal;
 - iii. Potable water, \$15.00 minimum or \$0.03 per gallon, whichever is greater.
- 23. Fees associated with vessels in a dangerous condition:
 - a. Replacing or securing mooring lines, \$20.00 plus the cost of material used;
 - b. Pumping of vessels, \$60.00 per hour (with a one-hour minimum fee), plus expenses incurred.
- 24. Fees for conducting business from a vessel. Twenty dollars per day during such period of time as mooring is approved.
- 25. Impoundment fees. Impounded vessels shall be charged a minimum fee of \$~~60~~75.00 plus storage at the rate of not less than \$3.00 per day. These fees are in addition to any costs incurred by the borough during the impoundment process.
- C. Fees in this subsection 14.20.390 may be increased, by ordinance amendment, on an annual basis, subject to review of harbor facilities' financial needs and borough assembly approval, based on increases in the Anchorage Consumer Price Index.

Section 4. Severability: If any provision of this Ordinance or any application to any person or circumstance is held invalid, the remainder of this Ordinance and the application to other persons or circumstances shall not be affected.

Section 5. Effective Date: This Ordinance shall become effective May 1, 2022.

PASSED AND APPROVED by the Petersburg Borough Assembly, Petersburg, Alaska this ____ day of _____, 2022.

Mark Jensen, Mayor

ATTEST:

Debra K. Thompson, Borough Clerk

Adopted:
Noticed:
Effective:



**Top Petersburg Borough Projects
FY 2023**

Reviewed and approved in a public meeting February 22, 2022, by the Petersburg Assembly

1. Achieve construction ready status for a replacement hospital for the Petersburg Borough by completing the conceptual design, site selection and permits, geotechnical analysis, and final design documents at an estimated cost of \$16.2M. \$8M of this is currently included in the FY22 appropriations bill approved in the Senate.
2. Marine Transportation Access Improvements for the Borough – As an island community, transportation for people, goods and services is heavily reliant on water transportation. Reductions in State support of the Alaska Marine Highway System (AMHS) has resulted in reduced services and severe impacts on residents and commercial enterprises. The Petersburg Borough Assembly has prioritized several marine access improvement projects to facilitate growth in our local economy and support for the residents.
 - a. Expansion and improvements for the Banana Point Boat facilities that improves transportation of goods and passengers between Petersburg and other communities in Southeast Alaska. \$2.0M
 - b. Dock, ramp, and floats for Papke’s Landing Facility to improve transportation for off island residents and hunting and fishing lodges in the area. \$4.0M
3. Addition of ADA ramps for the South Harbor to help facilitate easier access to the main Petersburg commercial district for visitors and residents, \$3.0M.
4. Development and hard surface paving for the Airport (Petersburg) Bypass Road. Widen road to achieve two 12’ lanes, provide base course and pave with 3” asphalt. Paving to extend from Haugen Drive/Quarry Road intersection to Hungerford Hill and on to Mitkof Highway. Rough construction cost \$2.2 million. Survey/Engineering \$200,000. Permitting \$100,000. Total cost \$2.5M.
5. Scow Bay Boat Haul out and wash down facility – Development of a small vessel haul out and work yard for use by commercial fishing, sport/tour/charter, and private recreational vessels. Improvements include replacement of a deteriorated and inadequate ramp for hauling boats in and out of the water, vessel washdown pad, and water, sewer and electrical service-related improvements are also needed. Engineering is 35% complete, with a total estimated cost of approximately \$8.0M.
6. Water Treatment Plant Clear Well Replacement - Project will replace a 250,000 gallon open top steel tank that is used to store treated and filtered water that is utilized for backwashing the plant filter bays. The project will replace the 50-year-old tank with a new covered tank at the same site to ensure efficient, sanitary operations at the water treatment plant. Temporary means of storing backwash water will also be a part of the project. Cost estimated at \$2 million.

7. Sandy Beach Road Water Main Replacement - This project will replace approximately 3.5 miles of ductile iron water main that is deteriorating. The main was installed in the 1980's and has experienced isolated failures due to pipe corrosion issues. The project will replace the existing water main with HDPE piping and patch all disturbed asphalt during the work. Estimated cost is \$8 million.
8. Pump Station 4 Force Main Replacement - This project will replace a 1000' long wastewater force main that has been corroded due to tide water influences. The project will reroute the force main to higher ground in an undeveloped right of way and upgrade the pump station to replace aged and obsolete pumps. Estimated cost is \$2 million.



February 23, 2022

Office of the Governor
PO Box 110001
Juneau, AK 99811-0001

Honorable Governor Dunleavy,

The Petersburg Borough continues to take part in discussions with the ADEC and EPA regarding wastewater discharge permit renewals. Petersburg, as well as eight other Alaskan communities, has maintained a Clean Water Act secondary treatment waiver, known as a 301h waiver, through the EPA since 1988.

As part of the renewal process, ADEC will be requiring 301h waived treatment plants to meet State water quality standards. These were tempered in the past via mixing zones that allowed for adequate dilution of wastewater and adherence to water quality standards at the edge of the mixing zones. Current permit renewal efforts with EPA have been impacted by an EPA third-party study that concluded existing mixing zones are inadequate to meet Alaska's water quality standards. As a result of these increased standards, Petersburg will be required to add treatment in the form of disinfection of our effluent to reduce fecal coliform concentrations at our discharge point. The Petersburg Borough strongly disagrees with the conclusion to reduce the size of our existing mixing zone and to mandate disinfection of our discharge.

The costs to implement disinfection will cause a major shift in the operation and funding of Petersburg's wastewater utility. The impacts to our rate payers will be substantial as there are many other projects that must be undertaken by the utility to maintain our collection system and continue to provide service to our customers. The Municipal Loan program at ADEC has been a large benefit to Petersburg in the past, but if additional treatment requirements are forced upon us we ask that consideration be given to establishing a grant program to fund additional treatment infrastructure and operational expenses related to ADEC's water quality certification and the resulting discharge permit requirement for disinfection. To place this burden on our ratepayers, in addition to other planned debt in support of infrastructure maintenance, is tenuous at best and we would appreciate some monetary relief from the State of Alaska as we seek to meet the water quality standards set by your agency.

Thank you for your consideration.

Respectfully,

Mark Jensen
Mayor

cc: Senator Bert Stedman
Representative Jonathan Kreiss-Tomkins
Randy Ruaro
Ray Matiashowski

Debra Thompson

From: Bob Martin <bobwmartin@yahoo.com>
Sent: Monday, February 7, 2022 2:20 PM
To: Assembly
Subject: Police department

Dear Mayor and Assembly,

Ok, so you just decided that the Public Safety Board is not equipped to deal with recruiting, retention, and other HR issues at the Police Department. I think I agree. Would you please take it up a notch and act quickly and substantially to address the problems that the Chief described? I support Member Kensinger's apparent intent to get things moving in that direction.

Sincerely,
Bob Martin

Debra Thompson

From: Robin Roberts <robin@mvadventures.com>
Sent: Monday, February 7, 2022 2:26 PM
To: Assembly
Subject: Thank you

As I listen to today's Assembly meeting, I just want to say how *GRATEFUL* I am for each and every one of you - spending so much time working to understand the issues, giving thoughtful and considered opinions, and working to address very tough problems in our borough.

I have the utmost respect for all of you - THANK YOU.

Robin Roberts

Debra Thompson

From: Karen Schramek <kschramek9@gmail.com>
Sent: Wednesday, February 9, 2022 12:29 AM
To: Assembly
Subject: CDC director says it's not time to change mask guidance - CNN

CDC director says it's not time to change mask guidance - CNN

Right now covid is surging in Hawaii the gov just

- * increased travel requirements to get here
- * increased fine the for not wearing a mask from \$107 to \$250.
- * promises to close businesses who don't comply with covid cdc recommendations

And the CDC just announced the following.

<https://apple.news/AOj6a43coQf6lcX5JbvfR2A>

Debra Thompson

From: lynnescola@aol.com
Sent: Saturday, February 12, 2022 6:31 PM
To: Assembly
Subject: A borough minimum living wage

At last Monday's meeting, the assembly voted to give free passes to the recreation center for childcare workers employed by nonprofit agencies. The intent was to enhance their remuneration in a small way to help recruit and retain childcare workers. The estimated number of eligible beneficiaries is fourteen.

That's a crumb. It solves nothing. More crumbs may be forthcoming, but they won't solve the problem either. This is also bad public policy, for all the reasons mentioned in your discussion before the vote.

The underlying problem is that the state minimum wage (\$10.34 per hour) is inadequate to meet a worker's basic needs. The solution is for the assembly to establish a borough minimum wage that's a living wage – that is, it allows workers to afford a basic level of existence. This will benefit far more than fourteen childcare workers, who at least earn \$12.00 per hour to start. A lot of people in town earn less than that.

As far as I can tell, it's within the borough's authority to establish a minimum living wage. The process of devising a figure and annual adjustments to it shouldn't be particularly difficult. As a starting point, there's an abundance of labor market, housing, and cost of living data available from government sources specific to Alaska and even to Petersburg. The resulting figure would almost certainly be higher than the current \$12.00 per hour paid to entry childcare workers.

Cue the chorus of objections:

- ***The childcare center will be forced to raise its rates. Parents will have to pay more to place their children in childcare, so you're just shifting the cost to the parents.*** Exactly. Right now, these parents can go to their jobs and make a living in part by exploiting underpaid childcare workers. Increasing the minimum wage to a minimum living wage, which means parents may pay more for childcare, is righting an existing wrong.

If you're concerned about the affordability of childcare, and you think government should be involved in it, that's a separate issue. Affordable childcare should not be built on a foundation of inadequate pay for those doing the work.

- ***Employers will be forced to raise wages for their non-entry-level employees in order to retain them.*** Understood. A rising tide lifts all boats. Employees whose skills have greater value to their employers are normally paid more than minimum wage. If not, they'll take their skills elsewhere. Some of the parents who may now have to pay more for childcare may see an increase in their own income.
- ***Employers will respond to a wage increase by reducing their workforces in order to keep their labor costs constant. Unemployment will increase.*** Labor economists don't agree that this is correct. In any event, the labor market continuously adjusts to all kinds of real-world changes.
- ***Petersburg residents will have to pay more for good and services.*** Maybe, and maybe we should. To the extent that we now get cheaper goods and services in part from the labor of underpaid workers, a minimum living wage is simply righting a wrong.

- ***A minimum wage is objectionable on principle. Employers should be able to pay as little as they can.*** Check your libertarianism at the door. It's too late for that. America long ago recognized the social utility of a minimum wage. It's a guardrail on capitalism, it prevents social unrest, and it helps keep workers' living costs from shifting to government or charity. If you're in favor of small government, you should be in favor of a minimum living wage.
- ***Let the state set the minimum wage so we don't have to grapple with the details and the political messiness.*** Every year, the state minimum wage is subject to adjustment, but adjustments are added to a base that wasn't a living wage to start with. The state isn't going to rethink its minimum wage anytime soon. Petersburg's working poor are Petersburg's problem.
- ***It's anti-business.*** Businesses are currently profiting by not paying people enough to live on. When people don't earn enough to live on, they turn to government or charity to make up the difference. Government and charity currently subsidize businesses by supplementing their workers' pay. A minimum living wage will correct this imbalance. Paying people inadequate wages shouldn't be a cornerstone of our town's economy.
- ***This isn't the right time to raise wages.*** Technically correct because it's overdue. Like the rest of America, Petersburg has seen a growing divide between rich and poor. No matter how apparent that a minimum living wage is needed, there are those who will automatically oppose it because they have a vested interest in maintaining the status quo. They'll cite unemployment, covid, inflation, deflation, depression, anxiety, or zombie apocalypse as a reason that it's just not the right time to raise wages. And they'll paint a picture of hair-on-fire consequences if we do: shuttered businesses, rows of houses for sale, and tumbleweeds blowing through an abandoned business district. That's using fear to paralyze people into inaction.

I hope you'll give serious consideration to creating a borough minimum living wage. Yes, there will be ripples in the economic pond, as there are for every change. A borough minimum living wage is a real solution to a real problem. Nickel-and-dime government handouts are not. Petersburg likes to promote itself as a nice community to live in. Earning a decent living would go a long way toward making Petersburg a nice community to live in for more of its residents.

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Some fun with numbers from the Alaska Department of Labor and Workforce Development:

A worker earning the Alaska minimum wage of \$10.34 per hour and working a 40-hour workweek has a gross monthly (four weeks) income of \$1,654. Assume 10 percent is withheld in various deductions; that leaves take-home pay of \$1,489 per month. The 2021 average rental cost of an apartment in Wrangell-Petersburg is \$973 per month (including utilities). **That means a minimum wage worker in Petersburg spends 65 percent of their take-home pay on housing.** The US Department of Housing and Urban Development and conventional wisdom both advise that you shouldn't spend more than 30 percent of your take-home pay on all housing-related expenses.

Lynn Escola
Petersburg

Debra Thompson

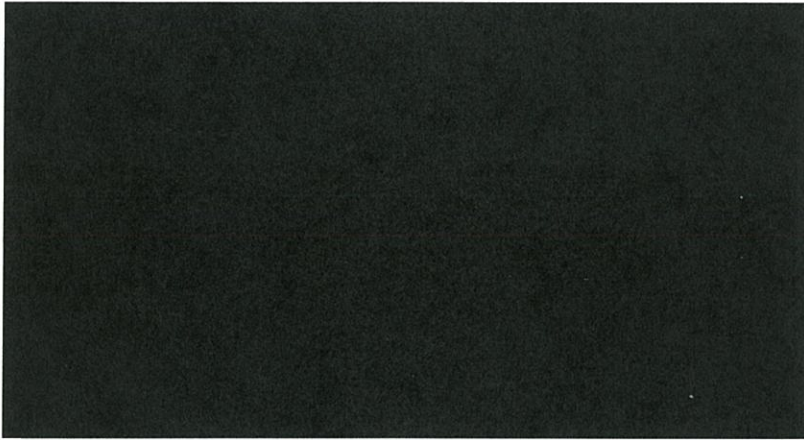
From: Madonna Parks <madonna.parks@yahoo.com>
Sent: Tuesday, February 15, 2022 1:32 PM
To: Assembly
Subject: Molly Parks

Dear Assembly Members,

We are sending this link to the Assembly to make sure you are aware of the recent developments in Molly Parks v Petersburg Borough, et al.

Madonna and RD Parks

[Attorneys argue appeal of Petersburg van wreck civil case - KFSK](#)



Attorneys argue appeal of Petersburg van wreck civil case - KFSK

The estate of Molly Parks appeared before the Alaska Supreme Court earlier this month, seeking to overturn a lower court ruling in a civil suit against the Petersburg Borough. Parks was one of two employees killed in the wreck of a borough van in 201

[Sent from Yahoo Mail for iPhone](#)