

**City of Kodiak Regular Council Meeting Agenda for September 8, 2016**  
**7:30 p.m., at 710 Mill Bay Road, Assembly Chambers (Room 232)**

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<b>I. Call to Order/Roll Call</b>	
Invocation/Pledge of Allegiance	
<b>II. Previous Minutes</b>	
Approval of Minutes of the August 11, 2016, Regular Meeting and August 30, 2016, Special Meeting .....	1
<b>III. Persons to Be Heard</b>	
a. Public Comments (limited to 3 minutes) (486-3231)	
<b>IV. Unfinished Business</b>	
a. Second Reading and Public Hearing, Ordinance No. 1349, Authorizing a Lease Between the City of Kodiak and GCI Communication Corporation for Pillar Mountain Communication Lease Site No. 9, Described as a Portion of Tract B, U.S. Survey 2538-A .....	16
b. Termination of the Building Inspection Program MOA.....	34
<b>V. New Business</b>	
a. Resolution No. 2016–29, Naming Election Workers for the October 4, 2016, Regular Municipal Election.....	38
b. Resolution No. 2016–30, Authorizing the Issuance of a Series of Boat Lift Special Facility Revenue Refunding Bonds in the Principal Amount of Not to Exceed \$4,000,000 to Refund Certain Outstanding Boat Lift Special Facility Revenue Bonds of the City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale.....	40
c. Resolution No. 2016–31, Authorizing the Issuance of a Series of Boat Lift Special Facility Revenue Refunding Bonds in the Principal Amount of Not to Exceed \$1,000,000 to Refund Certain Outstanding Boat Lift Special Facility Revenue Bonds Of The City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale.....	60
d. Resolution No. 2016–32, Authorizing the Issuance of a Series of Harbor Revenue Refunding Bonds in the Principal Amount of Not to Exceed \$2,000,000 to Refund Certain Outstanding Harbor Revenue Bonds of the City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale.....	80
e. Resolution No. 2016–33, Appointing a Member to the Kodiak Fisheries Development Association.....	100
f. Authorization of Vehicle Purchases for Kodiak Police Department .....	106
g. Authorization of Professional Services Contract for Investment Management and Advisory Services .....	130
h. Appointment to Parks and Recreation Advisory Board.....	148
<b>VI. Staff Reports</b>	
a. City Manager	
b. City Clerk	
<b>VII. Mayor’s Comments</b>	
<b>VIII. Council Comments</b>	

**IX. Audience Comments** (limited to 3 minutes) (486-3231)

**X. Adjournment**

<p><b>DRAFT</b></p>
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**MINUTES OF THE REGULAR COUNCIL MEETING  
OF THE CITY OF KODIAK  
HELD THURSDAY, AUGUST 11, 2016  
IN THE BOROUGH ASSEMBLY CHAMBERS**

**I. MEETING CALLED TO ORDER/INVOCATION/PLEDGE OF ALLEGIANCE**

Mayor Pat Branson called the meeting to order at 7:30 p.m. Councilmembers Laura B. Arboleda, Randall C. Bishop, Charles E. Davidson, Gabriel T. Saravia, Richard H. Walker, and John B. Whiddon were present and constituted a quorum. Deputy City Manager Mike Tvenge, City Clerk Debra L. Marlar, and Assistant Clerk Nanci Sharratt were also present.

Salvation Army Major Dave Davis gave the invocation and the Pledge of Allegiance was recited.

**II. PREVIOUS MINUTES**

Councilmember Whiddon MOVED to approve the minutes of the July 14, 2016, regular meeting and July 21, 2016, special meeting as presented.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**III. PERSONS TO BE HEARD**

**a. Presentation of GFOA Award to the Finance Department**

The Government Finance Officers Association notified the City that the Finance Department received a Certificate of Achievement for Excellence in financial reporting for the City's FY2015 comprehensive annual financial report. The award of this certificate represents one of the highest levels of achievement in governmental financial reporting for the Department and City.

Finance Director Kelly Mayes accepted the award and shared her appreciation for her staff and their hard work.

**b. Public Comments**

**Jone Suleski** voiced her concern about the termination of body cameras by the Kodiak Police Department.

**IV. UNFINISHED BUSINESS**

**a. Continued First Reading, Ordinance No. 1349, Authorizing a Lease Between the City of Kodiak and GCI Communication Corporation for Pillar Mountain Communication Lease Site No. 9, Described as a Portion of Tract B, U.S. Survey 2538-A**

Mayor Branson read Ordinance No. 1349 by title. City Council and the City Manager approve communication site leases/subleases as required by Kodiak City Code 18.20.230. The existing

lease with GCI Communication Corporation expired June 30, 2016. The new lease agreement has a term of five years and requires approval by ordinance.

*[Clerk's Note: The vote on the motion to pass Ordinance No. 1349 in the first reading and advance to second reading and public hearing was postponed at the May 12, 2016, regular meeting.]*

The roll call vote was Councilmembers Arboleda, Bishop, Saravia, Walker, and Whiddon in favor. Councilmember Davidson opposed. The motion passed.

**b. Second Reading and Public Hearing, Ordinance No. 1354, Amending Kodiak City Code 14.04.010; Regarding the Adoption of Building Codes**

Mayor Branson read Ordinance No. 1354 by title. The State of Alaska adopted new construction codes. As a deferred jurisdiction the City is required to adopt codes that meet or exceed the State's adopted codes. The Joint Building Code Review Committee met numerous times to discuss, review, and amend the proposed codes.

Councilmember Arboleda MOVED to adopt Ordinance No. 1354.

Mayor Branson closed the regular meeting, opened and closed the public hearing when no one came forward to testify, and reopened the regular meeting.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**c. Second Reading and Public Hearing, Ordinance No. 1355, Authorizing A Memorandum of Agreement With the Alaska Marine Highway System Regarding Joint Use of Pier I, and a Supplemental Agreement No. 1 With the Alaska Marine Highway System for the Lease of Office Space and a License for Use of Pier II**

Mayor Branson read Ordinance No. 1355 by title. The City of Kodiak entered into an agreement with the State of Alaska, Alaska Marine Highway System (AMHS), authorizing the State to replace Kodiak's existing Pier I. The replacement project was scheduled for completion in July 2016, at which time Pier I was ready for use again by AMHS vessels. Memorandum of Agreement No. 2517S004 and Supplemental Agreement No.1, No. 2517S005, spell out the terms for AMHS's use of Pier I and II for the next five years.

Councilmember Walker MOVED to adopt Ordinance No. 1355.

Mayor Branson closed the regular meeting, opened and closed the public hearing when no one came forward to testify, and reopened the regular meeting.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**d. Second Reading and Public Hearing, Ordinance No. 1356, Authorizing a Lease to Kodiak Maritime Museum and Art Center of a 2,000+ Square Foot Portion of Alaska**

**Tidelands Survey No. 49 Located in St. Paul Harbor for the Thelma C Display and Re-scinding Ordinance No. 1340**

Mayor Branson read Ordinance No. 1356 by title. The Kodiak Maritime Museum (KMM) developed the idea of restoring and displaying an historic 36' fishing vessel, the Thelma C, in the harbor area downtown. KMM representatives came to several City Council meetings since 2013 with their idea, which Council and harbor users supported. The KMM was given formal approval of the original lease site on the harbor spit and recently requested the location be adjusted to make the installation more affordable.

Councilmember Bishop MOVED to adopt Ordinance No. 1356.

Mayor Branson closed the regular meeting, opened and closed the public hearing when no one came forward to testify, and reopened the regular meeting.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**V. NEW BUSINESS**

- a. First Reading, Ordinance No. 1358, Authorizing the Expenditure of the \$25,000 Appropriated to Ballot Initiative Expense in the FY2017 Operating Budget to Inform the Public Regarding the Effects of the Collective Bargaining Ordinance Initiative Proposition and the Kodiak Island Borough Proposition to Consolidate the Kodiak Island Borough and the City of Kodiak Into a Single Unit of Government, Including Without Limitation Information That May Influence the Outcome of the Election on Either Proposition**

Mayor Branson read Ordinance No. 1358 by title. For the past several years the Council has appropriated funds in the General Fund Legislative Budget Account No. 450.138 titled Ballot Initiative Expense that may be used to educate the public on ballot measures. \$25,000 was budgeted in the FY2017 budget for this purpose. This year there are two ballot questions for which the City may desire to provide public education. One is an initiative for collective bargaining for City employees under the Public Employment Relations Act, and the other is a Kodiak Island Borough Assembly advisory proposition to pursue the idea of consolidating the Borough and City of Kodiak into a single unit of government. While AS 15.13.145(c)(2) permits the City to provide the public with nonpartisan information about a ballot proposition, AS 15.13.145(b) prohibits the City from using public funds to influence the outcome of an election concerning a ballot proposition unless the City specifically appropriates funds for this purpose by ordinance. The Alaska Public Offices Commission (APOC), which enforces these State statutes, interprets the statutes very narrowly so that the City cannot inform the public fully about the effects of the ballot propositions without including information that APOC likely would categorize as influencing the outcome of the election on the ballot propositions. Ordinance No. 1358 conforms with APOC requirements and would permit the City to provide public information about these two initiatives.

Councilmember Bishop MOVED to pass Ordinance No. 1358 in the first reading and advance to second reading and public hearing at the next special or regular meeting.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**b. Resolution No. 2016–27, Authorizing the Issuance of a Permit to Kodiak Football League for the Use of Public Property to Sell Concessions and Collect Admission Fees during Kodiak High School and Youth Football Games at Baranof Park**

Mayor Branson read Resolution No. 2016–27 by title. Resolution No. 2016–27 authorizes the issuance of a permit to the Kodiak Football League to use the Baranof Football Field to sell concessions from August 11 to October 31 and to collect gate fees at home high school football games.

Councilmember Arboleda MOVED to adopt Resolution No. 2016–27.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**c. Resolution No. 2016–28, Appropriating \$650,000 From the Cargo Terminal Fund to the Cargo Development Capital Project Fund to Pay Settlement Costs Related to the Construction of Pier III Replacement Project No. 11-07/8024**

Mayor Branson read Resolution No. 2016–28 by title. Pacific Pile and Marine, LLC construction is complete. Additional funding is requested through this resolution for settlement of disputed costs mutually agreed upon during the mediation process.

Councilmember Bishop MOVED to adopt Resolution No. 2016–28.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**d. Authorization of Lease Assignment and Sublease of a Portion of Pillar Mountain Antenna Site Lease 3 From Alaska Wireless Network, LLC (AWN) to AWN Tower Company, LLC and the Purchase of AWN Tower Company, LLC by Vertical Bridge Tower II, LLC, and the Sublease From AWN Tower Company, LLC to Alaska Wireless Network, LLC**

The Council adopted Ordinance No. 1265 on September 24, 2009, which authorized a five-year agreement with GCI for a lease at the City’s Pillar Mountain antenna site. The lease includes four automatic five-year extensions at the option of the tenant. The City received a letter from Alaska Wireless Network (AWN) requesting the City to assign the lease to Vertical Bridge Tower II, LLC.

Councilmember Walker MOVED to approve the assignment of the Lease dated November 1, 2009, of a portion of Pillar Mountain Antenna Site Lease 3 from Alaska Wireless Network, LLC to AWN Tower Company, LLC and the purchase of AWN Tower Company, LLC by Vertical Bridge Tower II, LLC, and the sublease from AWN Tower Company, LLC to Alaska Wireless Network, LLC of a portion of the leased premises, all as described in the Consent Agreement

dated May 2, 2016, that now is before the Council, pursuant to Kodiak City Code 18.20.230 and 18.20.240 and authorize the City Manager to execute the lease assignment on behalf of the City.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**e. Authorization of Bid Award of the FY2017 Mill Bay Road Pavement Rehabilitation Project, Project No. 17-02/5036**

This project will repair and overlay sections of Mill Bay Road pavement. The project was advertised for bid on June 29 and two bids were opened on August 1, 2016. During the design of the project, areas of work were compromised in order to bring the project within available funding level based on the Engineer's estimate. The two bids were within project funding.

Councilmember Davidson MOVED to authorize the bid award of Mill Bay Road Pavement Rehabilitation FY2017, Project No. 17-02/5037 to Brechan Construction, LLC in the amount of \$956,925 with funds coming from the Streets Capital Improvement Fund Project No. 5036, Pavement Repairs.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**f. Authorization of Purchase of Used Mini-Excavator for the Parks and Recreation and Public Works Departments**

Both the Parks and Recreation and Public Works Departments have need for and use mini-excavators on a regular basis. The Parks and Recreation Department has a 2002 Terex HR16 mini-excavator that was purchased used from Kodiak Rental Center in 2010 and is in need of replacement. This machine is used for park maintenance as well as support of the cemetery. Public Works has used this machine also for water and sewer maintenance work and has rented other mini-excavators from Kodiak Rental Center. Between the two departments, approximately 400 hours of annual use on the machine is anticipated. City Code Section 3.12.100 allows the Public Works Department to purchase used equipment.

Councilmember Whiddon MOVED to authorize purchase of a used 2012 Model Case CX36B mini-excavator from Yukon Equipment in the amount of \$40,020 FOB Kodiak and authorize the City Manager to execute documents on behalf of the City.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**g. Authorization of a Technical Services Contract With Willard A. Feda to Operate the Marine Travelift in Kodiak Shipyard**

Willard (Bill) Feda has been under contract with the City to operate the Marine Travelift since operations started in 2009. His contract expires August 31, 2016. A new two-year contract with a continuation of the same terms was discussed with the contractor and is ready for Council approval.

Councilmember Walker MOVED to authorize a two-year technical services agreement, Agreement No. 224103, with Willard A. Fedra to operate the Harbor Marine Travelift, with funds coming from the Boat Yard/Vessel Lift Enterprise Fund, Professional Services Account.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**h. Authorization of Bid Award for Harbor and Parks and Recreation Department Vehicles**

Vehicle bid No. 536 consists of replacement vehicles for the Harbor and Parks and Recreation Departments. Both Harbor and Parks and Recreation are replacing existing maintenance pickups with new four-wheel-drive 1/2 ton standard cab pickups. The existing vehicles have been through a mechanical evaluation by the City maintenance shop and have been recommended to be replaced.

Councilmember Walker MOVED to award the bid for purchase of two new four-wheel-drive 1/2 ton standard cab pickup trucks to Kodiak Motors in the amount of \$52,400 from the following accounts: \$26,200 with funds from the Boat Harbor, machinery and equipment account and \$26,200 with funds from the Parks and Recreation, machinery and equipment account.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**i. Authorization of Bid Award of Final Parking Lot Pavement for Pier III Replacement, Project No. 11-07/8024**

This project is outside the scope of work previously authorized by Council and performed by Pacific Pile & Marine LP. Under the recommendation of Roe Sturgulewski, Pier III Project Manager, and PN&D Project Engineers, a section of pavement adjacent to the new pier was not paved last fall in order to allow for stabilization in the soils. The expected soil stabilization was achieved during recent months, and the area is now ready for pavement.

Councilmember Whiddon MOVED to authorize the bid award of final parking lot pavement for Pier III Replacement, Project No. 11-07/8024, to Brechan Construction, LLC in the amount of \$39,880 with funds from the Cargo Development Capital Project Fund.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**j. Authorization of Ambulance Purchase**

The City Fire Department provides Emergency Medical Advance Life Support (ALS) services and transport to the citizens of the City as well as those on the road system. The Fire Department supports three ALS ambulances to meet the current service requests. The Council approved sole source purchases for ambulances in 2003 and 2007.



Councilmember Davidson MOVED to authorize the purchase of a 2017 North Star 167-1 Ambulance from Braun NW Inc. in the amount of \$195,000 with funds from the FY2017 General Fire Department Budget Line item and authorize the City Manager to execute the documents on behalf of the City.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**k. Authorization of Purchase of Skate Ramps**

The final phase of the 2012 Baranof Park Improvement Project included replacement of skate park ramps. The skate park project is being constructed in phases. Phase I was completed in 2015 and Phase II is scheduled for 2016/2017. In preparation for Phase II, a Sole Source Request for Proposal based on Kodiak City Code Section 3.12.070 "Exceptions to bidding requirements" was issued to American Ramp Company.

Councilmember Bishop MOVED to authorize purchase of Phase II skate park equipment from American Ramp Company in amount of \$116,427.96 with funds coming from Parks and Recreation Improvement Fund, Skate Park Improvements, Project No. 15-4/9015.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**l. Authorization of Bid Award for Bobcat Utility Work Machine for the Parks and Recreation Department**

Bid No. 537 consists of a replacement utility work machine for the Parks and Recreation Department. Parks and Recreation is replacing an existing Toolcat, recommended for replacement, with a new four-wheel-drive Bobcat Toolcat 5600 G-Series.

Councilmember Walker MOVED to award Bid No. 537 for the purchase of a Bobcat Utility Work Machine in the amount of \$55,500 to Craig Taylor Equipment Company with funds coming from the Parks and Recreation-administration machinery and equipment budget.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**m. Authorization to Terminate the Building Inspection Program MOA**

On April 15, 1988, the Kodiak Island Borough and the City of Kodiak established a single program for inspection of buildings within the jurisdiction of both governments. This agreement was modified in May 1997 and stands as the MOA used today. The Borough has breached the agreement objective to ensure a consistent application of building regulations in the City of Kodiak and the Kodiak Island Borough.

Councilmember Arboleda MOVED to terminate the Building Inspection Program Memorandum of Agreement between the Kodiak Island Borough and City of Kodiak dated May 16, 1997.

Councilmember Whiddon MOVED to postpone the vote on the motion to terminate the Building Inspection Program MOA until the next regular or special meeting.

A discussion ensued.

Councilmember Whiddon stated he heard concerns from the Fire Department and the Building Department at a City work session, and that the Building Code Review Committee didn't support the change of the 2012 codes back to the 1997 codes, which is forcing Kodiak Island Borough and the City to work under two different codes for inspecting, which affects the entire Borough. He expressed that he would like both elected bodies to come together to discuss this, because input has not been given for the change and the resulting consequences need to be discussed.

Councilmember Saravia stated that he does not support the postponement based on the information heard from the fire and building departments. He stated the City would still have 90 days to have a discussion with the Borough if the MOA termination moves forward. He stated a joint work session would be held in two weeks and, depending on the outcome, the City could reverse its decision to terminate.

The roll call vote on the postponement was Councilmembers Arboleda, Bishop, Davidson, Walker, and Whiddon in favor. Councilmember Saravia opposed. The motion passed.

**n. Authorization of Payment of Final Closeout Costs Related to the Primary Construction Contract for Pier III Replacement, Project No. 11-07/8024**

The construction of Pier III had numerous challenges for the contractor, Pacific Pile and Marine LP (PPM). During the project twelve change orders were submitted to the City and approved in entirety or partially. As the project came to a close, there were disputed costs involved and resolutions to cure were unsuccessful. Formal mediation was held in Kodiak on July 26, 2016. A settlement agreement was reached between PPM and the City. The City Manager on behalf of the City Council agreed to make final payment on the disputed claims in which the City would pay PPM \$650,000 by wire transfer within thirty (30) calendar days of the effective date of the agreement.

Councilmember Davidson MOVED to authorize the Settlement and Change Order between the City of Kodiak and Pacific Pile & Marine, LP dated August 2, 2016.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**VI. STAFF REPORTS**

**a. Deputy City Manager**

Deputy City Manager Tvenge shared that the City has received a certificate of achievement award titled "Storm Ready and Tsunami Ready" from the State of Alaska. He shared that this was a result of the inspection, review, and documentation of our emergency operation center, manual, training documentation, and certifications received. He stated that the award is valid through 2019. He shared the City recently had an Occupational Safety Health Administration

(OSHA) facility inspection. He shared that overall the police, fire, and two public work facilities were found to be in good working order with minor corrections noted with most of them having already been corrected and the final report is expected in the following weeks.

Deputy Manger Tvenge asked Police Chief Rhonda Wallace to provide an update on the body worn cameras and the community outreach program.

**Chief of Police Wallace** addressed the suspension of the body worn camera trial project. She stated that the program was implemented in February 2015 and appeared beneficial as it provided visual facts of the incidents and accountability to both officers and citizens in addition to using it as a tool for reviewing and assessing officer's interactions with the community. She shared the concerns and challenges that were discovered, which included technical failures, user-errors, recorders being slow to begin recording from the sleep mode, recorders easily being knocked off the officer, and a button inadvertently depressed could turn the volume off, which would then provide no sound to the video. She expressed that one of the most important concerns was the risk to individual privacy rights that the body cameras presented. She shared that recordings included the individuals involved and those not involved, but were in the background, and the Police Department doesn't have the resources to "blur" the identity of those who do not want to have their image on video. Chief Wallace stated that in her experience that instead of feeling comforted by the recordings, victims, witnesses, and perpetrators generally became more guarded and hesitant to engage with officers for fear that their privacy would be violated. She expressed that with the limitations of current body camera technology and the privacy implications of creating video footage of every police contact within the City of Kodiak, the suspension of the program served the best interest of the community. She also shared that she continues to seek out programs and assess the value of technological advances that would assist the police department in serving and protecting the community and building the community's confidence in law enforcement officers. She also shared information regarding a positive community outreach program sent out via Nixle regarding Children and Resident Encounter (C.A.R.E.) initiative. She stated that over the last several months, gaps in training were identified, and as a result, the police department is working on those gaps and has introduced new programs and trainings. She stated that C.A.R.E. started during the Law Enforcement Torch Run and has been very successful and participants are continuing to sign up.

#### **b. City Clerk**

City Clerk Marlar informed the public of the October 4, 2016, election where two petitions for Councilmember seats were due by 4:30 p.m. on Monday, August 15, 2016. She shared that the last day to register to vote for the October 4, 2016, election is September 4, 2016, and informed those that have moved to update their address, which could impact where they vote. She shared that Canvass board workers are needed to verify the results of the October 4, 2016, election and will meet October 12, 2016. City Clerk Marlar informed the public of the next scheduled City Marijuana Advisory Committee meeting, the Fisheries Work Group meeting, the Joint work session, and the City Council Special meeting.

### **VII. MAYOR'S COMMENTS**

Mayor Branson clarified statements made at Kodiak Island Borough Assembly meetings. She expressed that Kyle Crow stated that she is opposed to consolidation, which is not a true state-

ment. She shared that this is evident by the letter she signed, along with the Council, that went to the Borough Assembly. She stated that the letter voiced concern about the Assembly not speaking with the Council prior to introducing Borough Ordinance FY2017-02, which placed on the October ballot a vote on whether to proceed with investigating and researching consolidation. She shared that the City letter took no position on consolidation, nor has she ever stated that she is opposed to consolidation. Mayor Branson expressed that continuing this misrepresentation is neither responsible nor respectful nor does it represent good communication between elected officials. She stated that no elected official should speak for another elected official. She said that it has also been stated at Assembly meetings that the City removed the consolidation topic from discussions at joint work session meetings. She explained that at the last joint work session held in March and chaired by the Borough that consolidation was not on the agenda, it was only listed under the to be scheduled list. She stated that the City has not cancelled any joint work sessions due to consolidation being on any agenda, and joint work sessions are only postponed due to the availability of the Council and the manager. She shared that consolidation is a topic on the agenda for the August 23, 2016, joint work session. She voiced that the Assembly should have called for a joint work session prior to the ordinance being brought up for discussion to give notification to the City and the outlining communities regarding the Borough's intent. She asked for better communication between the Kodiak Island Borough, the City, and elected officials, understanding that they represent all Kodiak residents. She read from the 2008 Kodiak Island Borough Comprehensive Plan under issues on page 13. She suggested moving forward in the spirit of better communication that joint work sessions be scheduled every other month regardless of how many people can attend, and that this need will be addressed at the August 23, 2016, joint work session.

She stated that City nonprofit grant awards have been allocated and nonprofits are now receiving their money for FY2017. She also commented on the unresolved State budget and grants being held up, and of the benefit to nonprofits to receive local grant funds in a timely fashion. She expressed that she would like to bring back the Food Bank to discuss their needs, as the Council previously discussed during the nonprofit discussion. She shared that the Governor should be coming to Kodiak in October. She expressed that, hopefully, a community forum will be scheduled presenting information on the State budget situation to allow the community to hear and to ask questions of the Governor. She shared that Alaska Fish and Game Commissioner Cotten will attend the next Fisheries Work Group meeting on August 23, 2016.

She shared that City administration will continue to present information to the Council on reviewing sales tax, business licenses, and the sales tax cap in the next couple of months and how changes can be made to ensure continued quality services and affordable living for our residents. She shared that as action has been taken tonight, Pier III is completed. She stated the City has a great partnership on Pier III with Matson and the crane along with KEA and the flywheel, and the new pier will last 30 years or more. She explained that the City will continue to seek funding for other major infrastructure replacements, such as Mill Bay road; be engaged with federal and state fish regulations that affect our economy; and put effort into how we can best have an economic proactive piece in place. She congratulated the Finance Department for their award and their hard work.

## VIII. COUNCIL COMMENTS

Councilmember Walker expressed gratefulness for Pier III being completed. He thanked Corey Gronn for his work on the different projects at the park and keeping things operating smoothly and Lon White for his presentation on harbor fees and the future of the harbor. He thanked Kelly Mayes and her department for their hard work and expressed appreciation for the presentations given. He shared that school starts on August 29 and August 30 and to watch out for the buses and kids. He shared that the football team will have their first game on Friday.

Councilmember Davidson encouraged everyone to vote and register to vote if not done already. He shared that he turned in his petition for re-election. He congratulated the finance department and Kelly Mayes for their superb work. He shared that he understands the efforts to make government more efficient regarding consolidation and expressed that he wants to know how much it is going to cost before making a decision either way.

Councilmember Arboleda thanked the staff for all their hard work this summer.

Councilmember Bishop gave an update on the City Marijuana Committee. He shared that the City opted out for six months, while the Borough opted out for a year. He shared that presently the City is at a standstill regarding zoning since the Borough has zoning authority. He encouraged everyone to attend the joint work session on August 23, 2016. He shared that the musical festival is this weekend. He expressed thanks to CHARR for providing free transportation to and from the musical festival.

Councilmember Saravia thanked Chief of Police Wallace and City police officers for their hard work. He shared that the park is always full and very clean and thanked Parks and Recreation for doing an excellent job. He said consolidation is good if it saved money. He stated the City and Borough each have different powers and responsibilities. He expressed that more information is required, and it should be given in a public forum before taking action that affects the whole community.

Councilmember Whiddon congratulated Kelly Mayes, the finance staff, and department heads for their work they put into receiving the budget award. He shared that the Fisheries Work Group meeting is on August 23, 2016, and there are no real hot button topics right now since the North Pacific Fisheries Management Council (NPFMC) is not going to address the Gulf trawl bycatch motion at their October meeting. He stated that the Fisheries Work Group will discuss how it will address its position for the December NPFMC meeting. He shared that he has been in contact with the Sitka Economic Development Association and discussed how and when Kodiak should start working on an economic development initiative as a community. He stated that if we can create more economic activity in our community, it can create more jobs and can stabilize the tax base. He expressed that the Sitka Economic Development Association has done great work, and he hopes to learn from what they have been able to do for their community. He shared his dismay when reading a headline in the paper that the City approved \$25,000 to influence elections. He noted that the article was accurate, but expressed the headline was not true. He expressed that the money is set aside to provide education on any measure and to inform the public because without supporting information, voters may not know what they are voting for on the ballot. He expressed that if information is being given that is not factual, the City has a responsi-

bility to voters to not take sides, but to give correct information to make an informed decision. He expressed to the Kodiak Daily Mirror to get facts straight before making headlines.

**IX. AUDIENCE COMMENTS**

**Bonny McWethy** thanked Police Chief Wallace for the presentation. She advocated for the City to reconsider the removal of the body cameras. She shared information from a study through the University of South Florida that showed that the accountability of body cameras keep civilians and officers safer. She thanked officers for their services.

**Ginger Duncan** shared that accountability for all parties is a good thing. She shared an experience where use of body cameras allowed individuals to be held accountable. She advocated for the City to reconsider the removal of the body cameras. She spoke about the possible requirement of the City to require business licenses to participate in different farmers markets and bazaars. She expressed that requiring a business license and potentially being taxed on items being made would hamper the creativity and ability of people to make any money and could possibly allow inspectors to come into our homes at their will.

**Nick Adams** expressed his agreement with the previous public comment on business licenses and taxation. He expressed that some of the total cost to rework the skate ramps could possibly be used to provide something at the skate park for the younger kids.

**X. ADJOURNMENT**

Councilmember Davidson MOVED to adjourn the meeting.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

The meeting adjourned at 9:20 p.m.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Minutes Approved:



**MINUTES OF THE SPECIAL COUNCIL MEETING  
OF THE CITY OF KODIAK  
HELD TUESDAY, AUGUST 30, 2016  
IN THE CITY CONFERENCE ROOM**

**I. Meeting Called to Order**

Deputy Mayor Richard H. Walker called the meeting to order at 11:02 a.m. Councilmembers Laura B. Arboleda, Randall C. Bishop, Charles E. Davidson, Gabriel T. Saravia, and John B. Whiddon were present and constituted a quorum. Mayor Pat Branson was absent. City Manager Aimée Kniazowski, City Clerk Debra L. Marlar, Deputy City Manager Mike Tvenge and Deputy Clerk Michelle Shuravloff-Nelson were also present.

**II. Public Comments on Agenda Items**

None

**III. Unfinished Business**

- a. Second Reading and Public Hearing, Ordinance No. 1358, Authorizing the Expenditure of the \$25,000 Appropriated to Ballot Initiative Expense in the FY2017 Operating Budget to Inform the Public Regarding the Effects of the Collective Bargaining Ordinance Initiative Proposition and the Kodiak Island Borough Proposition to Consolidate the Kodiak Island Borough and the City of Kodiak Into a Single Unit of Government, Including Without Limitation Information That May Influence the Outcome of the Election on Either Proposition**

Deputy Mayor Walker read Ordinance No. 1358 by title. For the past several years the Council has appropriated funds in the General Fund Legislative Budget Account No. 450.138 titled Ballot Initiative Expense that may be used to educate the public on ballot measures. \$25,000 was budgeted in the FY2017 budget for this purpose. This year there are two ballot questions for which the City may desire to provide public education. One is an initiative for collective bargaining for City employees under the Public Employment Relations Act, and the other is a Kodiak Island Borough Assembly advisory proposition to pursue the idea of consolidating the Borough and City of Kodiak into a single unit of government. While AS 15.13.145(c)(2) permits the City to provide the public with nonpartisan information about a ballot proposition, AS 15.13.145(b) prohibits the City from using public funds to influence the outcome of an election concerning a ballot proposition unless the City specifically appropriates funds for this purpose by ordinance. The Alaska Public Offices Commission (APOC), which enforces these State statutes, interprets the statutes very narrowly so that the City cannot inform the public fully about the effects of the ballot propositions without including information that APOC likely would categorize as influencing the outcome of the election on the ballot propositions. Ordinance No. 1358 conforms with APOC requirements and would permit the City to provide public information about these two initiatives.

Councilmember Whiddon MOVED to adopt Ordinance No. 1358.

Deputy Mayor Walker closed the special meeting, opened and closed the public hearing when no one came forward to testify, and reopened the special meeting.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

**IV. Executive Session**

**a. Discussion of the City’s Strategy, if any, in Response to the City Collective Bargaining and KIB Consolidation Ordinance Initiatives**

Councilmember Davidson MOVED to enter into executive session pursuant to AS 44.62.310(c)(1) to discuss matters, the immediate knowledge of which would clearly have an adverse effect upon the finances of the City, specifically the City’s strategy in response to the City collective bargaining and KIB consolidation ordinance initiatives.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

Council entered into Executive Session at 11:10 a.m.

Deputy Mayor Walker reconvened the special meeting at 12:15 p.m.

**V. Adjournment**

Councilmember Whiddon MOVED to adjourn the meeting.

The roll call vote was Councilmembers Arboleda, Bishop, Davidson, Saravia, Walker, and Whiddon in favor. The motion passed.

Deputy Mayor Walker adjourned the meeting at 12:15 p.m.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

Minutes Approved:



# **UNFINISHED BUSINESS**


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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimée Kniaziowski, City Manager 

**Thru:** Mike Tvenge, Deputy City Manager 

**Date:** September 8, 2016

**Agenda Item:** **IV. a. Second Reading and Public Hearing, Ordinance No. 1349, Authorizing a Lease Between the City of Kodiak and GCI Communication Corporation for Pillar Mountain Communication Lease Site No. 9, Described as a Portion of Tract B, U.S. Survey 2538-A**

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**SUMMARY:** City Council and the City Manager approve communication site leases/subleases as required by Kodiak City Code 18.20.230. The existing lease with GCI Communication Corporation expired June 30, 2016. This new lease agreement has a term of five years and requires approval by ordinance. Staff recommends City Council adopt Ordinance No. 1349.

**PREVIOUS COUNCIL ACTION:**

- In February 2011, City Council approved Ordinance No. 1238 authorizing a five-year lease to GCI Communication Corporation (GCI).
- On May 12, 2016, Council postponed Ordinance No. 1349 to allow staff to perform a market analysis on cell tower lease rates.
- On August 11, 2016, Council passed Ordinance No. 1349 in the first reading and advanced to second reading and public hearing at the next regular or special meeting.

**DISCUSSION:** GCI continues to operate from Site No. 9 located on Pillar Mt. This Lease Agreement is a renewal of Site No. 9 to GCI. Records reveal they have held the lease since 2000. The Alaska Wireless Network LLC will also sublease from GCI. The Lease of Pillar Mt. Site No. 9 to GCI Communication Corporation held a statement allowing its Subtenant - Alaska Wireless Network to lease beyond the term of the Prime Lease Tenant -GCI. This is not allowable under the KCC; therefore, changes were required and have been incorporated in Section 10 of the Sublease Agreement.

The most recent lease expired in June 2016, and this renewal will expire June 30, 2021. It is recommended by staff to authorize lease of Site No. 9 to GCI.

**ALTERNATIVES:**

- 1) Adopt Ordinance No. 1349, which is recommended by staff.
- 2) Delay or not adopt Ordinance No. 1349, which could allow the current Lease agreement to remain expired as of June 30, 2016.

SEPTEMBER 8, 2016  
Agenda Item IV. a. Memo Page 1 of 2

**FINANCIAL IMPLICATIONS:** The annual rent for this site is \$13,200 with a 2.5 percent increase each year. Lessee shall remit to City 50 percent of any assignment or sublease revenues paid monthly.

**LEGAL:** Legal counsel has reviewed this lease proposal and provided comments which have been incorporated.

**DEPUTY CITY MANAGER'S COMMENTS:** The City Clerk's office has compiled a list of the City of Kodiak Communication Site Leases. The commercial leases of this type within the City are at comparable annual rates. This lease contains a provision for sublease to Alaska Wireless Network which requires City Council approval. This ordinance conveys the required approval.

The City Clerk has worked with our attorney and the lessee parties to establish an Agreement acceptable by both parties. Therefore, it is my recommendation we approve this Lease Agreement to GCI with an effective date of July 1, 2016.

**CITY MANAGER'S COMMENTS:** I support the approval of this lease. I know final approval was postponed so Council could review and compare revenues from other local government communication site leases. This occurred in August and Council is now ready to move forward with approval.

**ATTACHMENTS:**

- Attachment A: Ordinance No. 1349
- Attachment B: Lease Agreement
- Attachment C: Sublease Agreement

**PROPOSED MOTION:**

Move to adopt Ordinance No. 1349.

**CITY OF KODIAK  
ORDINANCE NUMBER 1349**

**AN ORDINANCE OF THE COUNCIL OF THE CITY OF KODIAK AUTHORIZING A LEASE BETWEEN THE CITY OF KODIAK AND GCI COMMUNICATION CORPORATION FOR PILLAR MOUNTAIN COMMUNICATION LEASE SITE NO. 9, DESCRIBED AS A PORTION OF TRACT B, U.S. SURVEY 2538-A**

WHEREAS, the City owns property on Pillar Mountain known as Pillar Mountain Communication Lease Site No. 9 and

WHEREAS, GCI Communication Corporation ("GCI") desires to lease Communication Lease Site No. 9, and GCI has requested that the City Council authorize the Lease Agreement – Pillar Mountain Communications Site No. 9 ("Lease") that now is before this meeting; and

WHEREAS, it is in the best interest of the City that the Lease be authorized; and

WHEREAS, the sublease to The Alaska Wireless Network, LLC identified in Section 19 of the Lease should be approved at no cost, provided that the approval of the sublease does not release GCI from any of its obligations under its Lease with the City; the sublessee agrees to comply with all the terms of the City's Lease with GCI regarding the use of the premises, insurance and environmental requirements; and the insurance provided by GCI must cover the activities of the sublessee.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Kodiak, Alaska, as follows:

**Section 1:** Notwithstanding anything to the contrary in Kodiak City Code Chapter 18.20, the Council of the City of Kodiak hereby authorizes the Lease, Contract No. 173430, with GCI for a term commencing July 1, 2016, and ending June 30, 2021, for the communications site described in the Lease, located on a portion of U.S. Survey 2538-A on Pillar Mountain in the City of Kodiak.

**Section 2:** The form and content of the Lease between the City and GCI is in all respects authorized, approved, and confirmed; and the City Manager hereby is authorized, empowered, and directed to execute and deliver the Lease to GCI on behalf of the City, in substantially the form and content now before this meeting but with such changes, modifications, additions, and deletions therein as she shall deem necessary, desirable, or appropriate, the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions, or deletions therein from the form and content of said document now before this meeting, and from and after the execution and delivery of said document, the City Manager hereby is authorized, empowered, and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of the Lease as executed.

**Section 3:** This ordinance shall be published in full within ten days after its passage.

**Section 4:** The Lease authorized by this ordinance is subject to the requirements of City Charter Section V-17. Therefore, if one or more referendum petitions with signatures are properly filed within one month after the passage and publication of this ordinance, this ordinance shall not go into effect until the petition or petitions are finally found to be illegal and/or insufficient, or, if any such petition is found legal and sufficient, until the ordinance is approved at an election by a majority of the qualified voters voting on the question. If no referendum petition with signatures is filed, this ordinance shall take effect one month after its passage and publication.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

First Reading Postponed: May 12, 2016  
Continued First Reading: August 11, 2016  
Second Reading:  
Effective Date:

## LEASE AGREEMENT

### PILLAR MT. COMMUNICATIONS SITE NO. 9 GCI Communication Corp.

LEASE AGREEMENT dated as of the \_\_\_\_ day of \_\_\_\_\_, 2016 by and between the **City of Kodiak**, a municipal corporation of the State of Alaska ("City"), whose address is 710 Mill Bay Road, Kodiak, Alaska 99615, and **GCI Communication Corp.**, an Alaskan corporation ("Tenant"), whose address is 2550 Denali Street, Suite 1000, Anchorage, Alaska 99503. For and in consideration of the covenants and conditions contained herein, the parties agree as follows:

**1. Premises.** Subject to the terms and conditions herein, City leases to Tenant the premises ("Premises") illustrated on Exhibit A hereto and described as a portion of Tract B, U.S. Survey 2538-A adjacent to Kodiak Low Rent Housing Parcel Number 1, U.S. Survey 2538-A & B, Plat numbers 66-1 and 85-22, Kodiak Recording District, Third Judicial District, Kodiak Island Borough, State of Alaska, more particularly described as follows:

Beginning at Corner 3 of said Parcel Number 1;

Thence S 34°45' 57" E a distance of 25.00 feet to a point on the Corner 3-Corner 4 boundary of said Parcel Number 1, The True Point of Beginning: Corner 1, G.C.I. Lease Parcel;

Thence S 34°45' 57" E, 100.00 feet;

Thence S 55°14' 03" E, 125.00 feet;

Thence N 34°45' 57" W, 100.00 feet;

Thence N 55°14' 03" E, 125.00 feet to the point of beginning.

Containing 12,500 sq. feet, more or less.

**2. Authorized Uses of Premises.** Tenant shall use the Premises only for the purpose of maintaining, operating and replacing existing equipment consisting of five (5) five-meter earth stations and a sixteen by forty-four foot equipment building, and constructing one (1) new satellite antenna for the village Internet/school program and for no other purpose without first obtaining the written consent of the City.

**3. Term.** The term of this Lease ("Term") shall commence the 1 day of July 2016, and shall expire at midnight on the 30 day of June 2021, unless sooner terminated as herein provided.

**4. Rent.** The annual rent for the Premises for the first year of the Term shall be Thirteen Thousand Two Hundred Dollars (\$13,200.00) payable in advance in equal monthly installments of One Thousand Dollars (\$1,100) on the first day of each month. On each anniversary of the commencement of the Term, the annual Rent and monthly installments of Rent shall be adjusted according to the following schedule:

Year	Rent Amount
2	102.5% of Year 1
3	105.0% of Year 1
4	107.5% of Year 1
5	110.0% of Year 1

Payment shall be made by wire, check, bank draft or money order made payable to City of Kodiak. If a monthly installment of rent is not paid by the fifth day of the month in which it is due, a penalty of \$30 shall be added to the rent amount; and interest shall accrue on the rent amount at the rate of 12% per annum (but not to exceed the maximum lawful rate) from the due date until paid.

**5. Utilities.** Tenant shall pay for any utility service that it requires for its use of the Premises.

**6. Holding Over.** If Tenant continues to occupy the Premises following the expiration of the Term of this Lease or any renewal with the consent of the City, Tenant's occupancy shall be treated as a month-to-month tenancy at a rent equal to one hundred twelve and one half percent (112.5%) of the rent in effect under this Lease immediately prior to the commencement of the holdover period.

**7. Improvements.** Tenant may not construct or install any permanent or temporary improvements on the Premises other than the facilities identified in Section 2 without first obtaining the written consent of the City. Tenant shall properly locate all improvements on the Premises, and shall not encroach upon other lands of the City or any other person.

**8. Maintenance of Premises.** Tenant shall at all times, and at Tenant's sole cost and expense, keep and maintain the entire Premises in a neat, orderly, and slightly condition. Tenant shall not cause or permit any junk, litter, debris, scrap or garbage to be accumulated or stored upon the Premises without the express written permission of the City.

**9. Surrender of Premises; Disposition of Improvements.** Upon the expiration, termination or cancellation of this Lease for any cause whatsoever, Tenant shall peacefully and quietly surrender the Premises in a condition as good as the Premises were at the beginning of the Term. Within one hundred eighty (180) days after such expiration, termination or cancellation of this Lease, Tenant shall either remove all of its improvements and personal property from the Premises and immediately repair any damage to the Premises caused by such removal, or with the consent of City sell such improvements and personal property to the succeeding tenant. City may extend the time for removal if Tenant demonstrates to City's satisfaction that the extension is required to avoid hardship to Tenant. During any period of time after termination or expiration of this Lease that Tenant's improvements or personal property remain on the Premises, Tenant shall pay rent at the rate provided in Section 6 for a holdover period. Title to any improvements or other property owned by Tenant that Tenant fails to dispose of as required by this section shall vest in City. Notwithstanding anything to the contrary in this section, Tenant may not remove any improvements without City consent during any period that Tenant is in default under this Lease.

**10. Liability.** Tenant shall indemnify, defend and hold City and its agents, officers and employees harmless from any liability, action, claim, suit, loss, property damage or personal injury of whatever kind resulting from any act or omission by Tenant, its agents, employees or invitees to the extent arising from Tenant's use and occupation of the Premises or its exercise of the rights and privileges granted by this Lease, except that Tenant shall have no duty to indemnify City or its agents, officers or employees for their own negligence, misconduct or breach of the terms of this Lease.

**11. Insurance.** Before entering upon the Premises, Tenant shall file with City certificates or evidence of insurance acceptable to City, including evidence of the additional insured and waiver of subrogation endorsements required in this section. Coverages shall be maintained without interruption throughout the Term and any extensions thereof. The coverages afforded under the policies will not be cancelled, modified or allowed to expire without at least thirty (30) days' prior written notice to City. Tenant shall provide each of the forms of insurance coverage described below.

*Workers' Compensation* insurance in accordance with the applicable laws relating to workers' compensation and employers' liability insurance with respect to all personnel performing work on the Premises with limits of not less than:

- \$500,000 Bodily Injury by Accident-Each Accident Limit
- \$500,000 Bodily Injury by Disease-Policy Limit
- \$500,000 Bodily Injury by Disease-Each Employee

*Liability Insurance* to protect Tenant and City (additionally insured) from and against claims and liabilities arising out of bodily injury (including death) or property damage that may result from Tenant's operations, construction, reconstruction and maintenance on the Premises, including the following:

*Commercial General Liability* insurance (including, but not limited to, premises-operations, products, contractual, broad-form property damage) with limits as follows:

- \$1,000,000 Each Occurrence Limit
- \$2,000,000 General Aggregate excluding Products/Completed Operations Aggregate Limit
- \$2,000,000 Products/Completed Operations Aggregate Limit
- \$1,000,000 Personal and Advertising Injury Limits

*Business Automobile Liability* insurance (including owned, hired and non-owned) with a combined single limit of not less than \$1,000,000 for bodily injury (including death) and property damage.

*Additional Insured; Waiver of Subrogation.* The Commercial General Liability and Business Automobile Liability policies shall name City as additional insured. Tenant's insurance shall also be primary to any policies held by City and the coverage afforded City under such policies shall be the same coverage extended to Tenant without exception or limitation. Tenant waives all rights of subrogation against City and its agents, officers, directors and employees for recovery of damages to the extent these damages are covered by the Commercial General Liability, Business Automobile and Workers' Compensation policies.

The requirements of this section as to insurance to be maintained by Tenant do not limit or qualify the liabilities and obligations of Tenant under this Lease.

**12. Hazardous Material.** Tenant shall not permit or cause any Hazardous Material to be brought upon, kept or used in or about the Premises by its employees, agents, contractors or invitees. If Tenant breaches this obligation, or if the presence of Hazardous Material on or about the Premises caused or permitted by Tenant results in contamination of the Premises, or if contamination of the Premises otherwise occurs for which Tenant is legally liable for damage resulting therefrom, then Tenant shall indemnify, defend and hold City harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses (including without limitation diminution in value of the Premises, damages for the loss or restriction of useable space or of any amenity of the Premises, and sums paid in settlement of claims, attorney fees, consultant fees and expert fees) that arise during or after the period in which this Lease is in effect as a direct result of such contamination. This indemnification includes without limitation reasonable and necessary costs incurred in connection with any investigation of Premises



conditions or any clean-up, remedial, removal or restoration work required by any federal, state or local government agency or political subdivision because of Hazardous Material present in the soil or groundwater on or under the Premises. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises caused or permitted by Tenant results in any contamination of the Premises, Tenant shall take all actions at its expense as are necessary to return the Premises to the condition existing prior to Tenant's introduction of any such Hazardous Material to the Premises; provided that City's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises. As used herein, the term "**Hazardous Material**" means any hazardous or toxic substance, material or waste, that is or becomes regulated by any local governmental authority, the State of Alaska, or the United States Government. City agrees to indemnify, defend and hold harmless, at its expense, Tenant from any and all costs, losses, damages, claims, suits or other liabilities, including reasonable attorney fees, arising from or related to contamination occurring at the Premises released by City, its agents or its other tenants. Neither party shall have the duty to indemnify to the extent the damages are caused by the misconduct, fault or negligence of the indemnitee, its employees, agents or invitees.

**13. Quiet Enjoyment.** Provided Tenant is not in default of this Lease, Tenant shall have peaceful and quiet use and possession of the Premises without hindrance on the part of City, and City shall warrant and defend Tenant in such peaceful and quiet use and possession against the claims of all persons claiming by, through or under City.

**14. Non-Interference with Communications Use.** City shall not cause or permit the placement of any structure on the Premises or on other property owned or controlled by City that would interfere with the view of the satellite arc from Tenant's communications equipment on the Premises without Tenant's prior written consent, which shall not be unreasonably withheld.

**15. Inspection.** Tenant shall permit the authorized agents and employees of the City to enter upon the Premises at any reasonable time for the purpose of inspecting the condition of the Premises or the use thereof.

**16. Liens.** Tenant shall not cause or permit any lien or encumbrance to be imposed on the Premises or any part thereof. Tenant shall, at its sole expense, obtain the release and discharge of any such lien or encumbrance by payment, bonding or otherwise, within thirty (30) days after receipt of written notice from the City.

**17. Taxes and Charges.** Tenant shall pay when due all taxes and other charges which are levied at any time during the Term upon its leasehold interest or any of its improvement on the Premises.

**18. Compliance with Laws and Regulations.** Tenant, at its sole cost and expense, shall comply with and shall cause the Premises to comply with all federal, state, municipal and other governmental statutes, laws, rules, orders, regulations and ordinances affecting the Premises or any part thereof, or the use thereof, whether or not any such statutes, laws, rules, orders, regulations or ordinances which may be hereafter enacted involve a change of policy on the part of the governmental body enacting the same.

**19. Assignment and Subleasing.** Tenant is authorized to sublease to Alaska Wireless Network, LLC under the terms of the Sublease Agreement attached hereto as Exhibit B. Tenant shall not otherwise assign its rights, enter into a sublease, or delegate its duties under this Lease without the prior written consent of City and under the terms outlined in Kodiak City Code Title 18, Section 18.20.230. Lessee shall remit to City fifty percent (50%) of any assignment or sublease revenues paid monthly in equal installments, which shall fall due on the first day of each calendar month.

**20. Condemnation.** If the Premises are taken by the power of eminent domain, the term of this Lease will end on the date Tenant is required to surrender possession of the Premises. City is entitled to all the condemnation proceeds, except Tenant will be paid the portion of the proceeds attributable to the fair market value of any improvements placed on the Premises by Tenant. Rent will also be adjusted to apply to the period ending on the date Tenant is required to surrender possession of the Premises.

**21. Force Majeure.** Either party may terminate this Lease upon thirty (30) days' written notice to the other, in accordance with Section 22, if any cause that occurs without the fault or negligence of the terminating either party renders the Premises unusable for more than 30 days. Such causes include without limitation acts of God or the public enemy, acts of the United States, fires, floods, epidemics, quarantine restrictions or strikes. No party shall be liable for any delay or failure in performance due to such events outside of the party's reasonable control. The obligations and rights of the excused party shall be extended on a day-to-day basis for the duration of the cause of the delay.

**22. Termination.** City may terminate this Lease and recover possession of the Premises by giving Tenant thirty (30) days' prior written notice, upon the happening of any of the events listed below, which are not cured within such thirty (30) day notice period:

- (a) Tenant's failure to pay when due the rents or fees specified in this Lease, including any increases made pursuant to this Lease.
- (b) The return for insufficient funds of checks for payment of rents or fees.
- (c) The use of the Premises by Tenant for any purpose not authorized by this Lease.
- (d) The failure of Tenant to perform any obligation in this Lease.

If it is not possible for Tenant to cure a default, other than a default in payment of the rents or fees specified in this Lease, within such thirty (30) day cure period, Tenant shall not be in default under this Lease if it has promptly commenced and is diligently pursuing the cure thereof.

Tenant may terminate this Lease with thirty (30) days' written notice if for any reason the Premises become unsuitable for its communications purposes, or if City fails to perform any obligation in this Lease. If it is not possible for City to cure a default within such thirty (30) day cure period, City shall not be in default under this Lease if it has promptly commenced and is diligently pursuing the cure thereof.

**23. Remedies Cumulative; No Waiver.** No reference to any specific right or remedy shall preclude City from exercising any other right or from having any other remedy or from maintaining any action to which it may otherwise be entitled at law or in equity. No failure by City to insist upon the strict performance of any agreement, term, covenant or condition hereof, or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach, agreement, term, covenant or condition. No waiver by City of any breach by Tenant under this Lease shall affect or alter this Lease in any way whatsoever.

**24. Successors and Assigns.** This Lease and the covenants and conditions herein contained shall inure to the benefit of and be binding upon City and its successors and assigns, shall be binding upon Tenant and its successors and assigns, and shall inure to the benefit of Tenant and only such assigns of Tenant to whom the assignment of this Lease by Tenant has been consented to by City.

**25. Notices.** Any notice, request, demand, approval or consent given or required to be given under this Lease shall be in writing and shall be hand delivered or sent by registered or certified mail addressed as follows:

City of Kodiak:  
Attn.: City Manager  
710 Mill Bay Road  
Kodiak, Alaska 99615  
Telephone: (907) 486-8640

GCI:  
GCI Communication Corp.  
Attn.: Corporate Counsel  
2550 Denali St., Suite 1000  
Anchorage, AK 99503

With a Copy to:  
Kodiak City Clerk  
710 Mill Bay Road  
Kodiak, Alaska 99615  
Telephone: (907) 486-8633  
Fax: (907) 486-8633  
Email: clerk@city.kodiak.ak.us

With a Copy to:  
GCI Contact: Corporate Services, Properties  
Attn.: Carolyn Lima  
Telephone: 907.868.5580  
Cell: 907 230-6689  
Email: clima@gci.com

Either party may, at any time, change its notice address for the above purposes by sending a notice to the other party stating the change and setting forth the new address.

**26. Entire Agreement; Modification.** This Lease is the final expression of the parties' agreement and a complete and exclusive statement of the terms thereof, all negotiations, considerations and representations between the parties having been incorporated herein. This Lease can be modified only by a writing signed by the party against whom the modification is to be enforced.

**27. Severability.** If any term or provision of this Lease, or the application thereof to any person or circumstance, shall be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

**28. No Third Party Beneficiary.** Nothing contained in this Lease shall confer any rights on a person other than the parties hereto.

**29. Applicable Law.** This Lease and the rights and obligations of the parties hereunder shall be governed by and construed in accordance with the laws of the State of Alaska.

IN WITNESS WHEREOF the parties hereto have executed this Lease as of the date first set forth above.

CITY OF KODIAK

GCI COMMUNICATION CORP.

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Aimee Kniaziowski, City Manager

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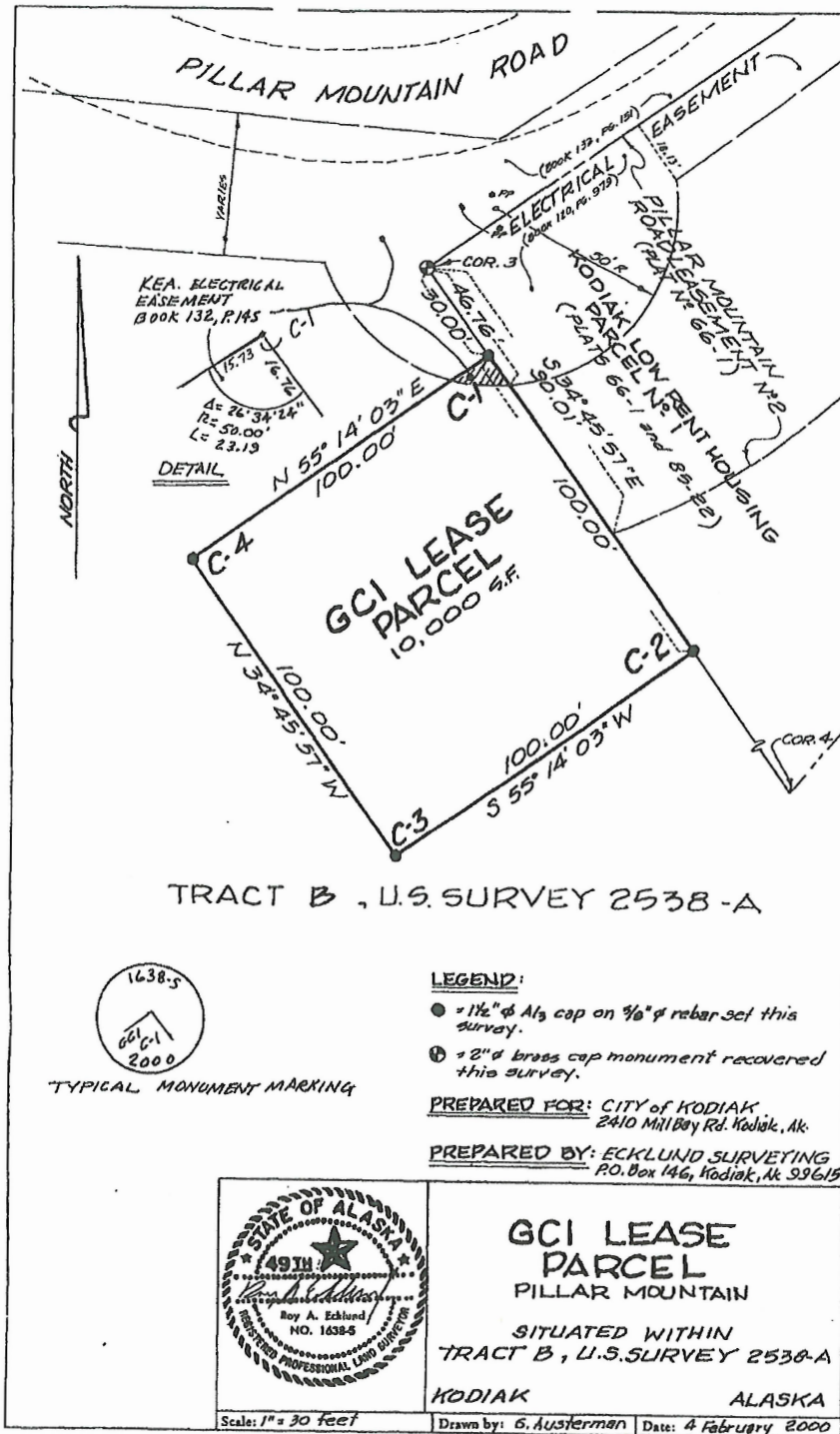
David Morris, VP, Corporate Services

Attest:

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Debra L. Marlar, City Clerk

Exhibit A



## SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT (“Agreement”) is made effective as of May 1, 2016 (“Effective Date”), between GCI Communication Corp., a corporation (“Sublandlord”) organized and existing under the laws of Alaska with its head office located at 2550 Denali Street, Suite 1000, Anchorage, AK 99503-2751 and The Alaska Wireless Network, LLC, 2550 Denali Street, Suite 1000, Anchorage, AK 99503-2751, an Delaware limited liability company, on its own behalf and on behalf of its telecommunications affiliates (collectively, “Subtenant”) (each a “Party” and collectively, the “Parties”). Sublandlord is the sole tenant of the property located at Site No. 9, Pillar Mountain Road, Kodiak, AK 99615, pursuant to that Lease Agreement dated May 24, 2011 (the “Prime Lease”).

### 1. PREMISES AND AUTHORIZED USES

Sublandlord subleases to Subtenant the following premises (“Premises”): An approximately 12’ x 20’ portion of Tract B, US Survey 2538-A, adjacent to Kodiak Low Rent Housing Parcel Number 1, US Survey 2538-A & B, Plat numbers 66-1 and 85-22, Kodiak Recording District, Third Judicial District, Kodiak Island Borough, State of Alaska as outlined in Exhibit A of this Agreement. Subtenant may construct, maintain, and operate a technical facility and related communications equipment at the Premises in conjunction with Subtenant’s operation as a communications provider. The Premises must be appropriate and adequate as determined by Subtenant. If no such space is provided by Sublandlord, this Agreement will be deemed void *ab initio*. Sublandlord may change the location of the Premises upon 60 days’ written notice and provided that the new location is appropriate and adequate as determined by Subtenant. Sublandlord will be responsible for all costs of Subtenant in moving to the new Premises.

Subtenant will have the right to reasonable access to operate and maintain this equipment, and all replacement equipment thereto 24 hours a day/ 7 days a week. All such equipment must be compatible with and not adversely impact the operation and maintenance of Sublandlord’s equipment, or the equipment of any other Party authorized to use Sublandlord’s facility.

### 2. TERM AND LICENSE

The term of this Agreement is 5 years (“Term”), to the extent that Sublandlord holds over under the terms of the Prime Lease, Subtenant shall be treated as a holdover tenant under this Agreement subject to the same terms.

### 3. SPACE AND POWER CHARGES

Sublandlord grants the rights conferred by this Agreement to Subtenant in return for mutual promises and good and valuable consideration conveyed as part of previous transactions between the Parties, the receipt and sufficiency of which is hereby acknowledged. Additional monthly charges for use of the Premises will be Zero Dollars (\$0.00) per month. Subtenant shall be solely responsible for and promptly pay all charges for gas, electricity, telephone service, or any other utility used or consumed by Subtenant on the Premises. If Subtenant uses utilities which are not separately metered and which are billed to Sublandlord, Subtenant shall pay to Sublandlord, within thirty (30) days of receipt of an invoice therefore, all charges attributable to Subtenant’s use of the utility.

### 4. PRIME LEASE

Except as otherwise expressly provided in this Agreement, to the extent that the terms and conditions of the “Prime Lease”, a copy of which is attached hereto as Exhibit B, are applicable to the Premises (which terms and conditions shall include, without limitation, the default and remedy provisions of the Prime Lease), such terms and conditions of the Prime Lease are incorporated into and made a part of this Agreement as if Sublandlord were the lessor thereunder, Subtenant were the lessee thereunder. To the

extent the terms of the Prime Lease and this Agreement conflict with each other (as distinguished from being different because this is a collocation sublease), this Agreement is subject to such terms of the Prime Lease. As between the Prime Lease and this Agreement, the more restrictive term or provision dealing with rights or privileges under either agreement shall apply to Subtenant.

Subtenant acknowledges that Sublandlord specifically reserves the right to amend the terms of the Prime Lease without the consent of Subtenant, provided that Subtenant shall not hereby be deemed to have assumed the obligations of Sublandlord under the Prime Lease to the extent such provisions are hereafter modified by Sublandlord without Subtenant's consent and have a material adverse impact on Subtenant or the Premises. If the Prime Lease terminates, this Agreement shall terminate on the effective date of the termination of the Prime Lease and the parties shall be relieved of any further liability or obligation under this Agreement, provided however, that if the Prime Lease terminates as a result of a default or breach by Subtenant under this Agreement and/or the Prime Lease, then the Subtenant shall be liable to the Sublandlord for the damage suffered as a result of such termination. Notwithstanding the foregoing, if the Prime Lease gives Sublandlord any right to terminate the Prime Lease in the event of the partial or total damage, destruction, or condemnation of the property or the building of which the Premises are a part, the exercise of such right by Sublandlord shall not constitute a default or breach hereunder.

Sublandlord and Landlord shall have no liability whatsoever to Subtenant with respect to (i) termination of the Prime Lease for any reason (including without limitation Sublandlord's default thereunder) or (ii) termination of this Agreement as a result of termination of the Prime Lease.

#### **5. FIXTURES AND IMPROVEMENTS**

At no additional charge, Subtenant may operate, maintain and replace equipment at the Premises so long as the size of Subtenant's Premises is not increased thereby. Any construction on the Premises must be neat, presentable, and compatible with its use and surroundings. Subtenant will have the right to remove all fixtures, structures and improvements it makes to the Premises upon termination of this Agreement.

Within 180 days after the end of this Agreement, improvements and personal property must be:

- removed by Subtenant if required by Sublandlord; or
- with Sublandlord's consent, be sold to the succeeding Subtenant; or
- abandoned on the Premises.

Sublandlord may grant additional time for the removal of improvements if hardship is established by Subtenant. At the end of this Agreement, Subtenant must peaceably and quietly vacate the Premises and return possession to Sublandlord. The Premises must be left in a clean, neat and presentable condition, at least as good as existed at the commencement of the Agreement, normal wear and tear excepted. If Subtenant causes any abnormal wear and tear or abuse of or to the Premises, Subtenant shall, at its expense and upon demand by Sublandlord, immediately eliminate such abnormal wear and tear or abuse or waste and pay for the restoration of the affected area(s) to a commercially reasonable equivalent condition to the Premises' condition at the commencement of this Agreement.

#### **6. RADIO OR ELECTRONIC INTERFERENCE**

In the event of radio frequency or other electronic interference, the Parties agree to work cooperatively to find a mutually satisfactory solution to any interference problem. In the event the problem cannot be resolved, regardless of whether or not the source of the problem can be determined, Subtenant will have the right to remove its equipment causing the interference upon 60 days' prior written notice and/or cancel this Agreement.

7. **DESTRUCTION OF PREMISES**

If the Premises become unusable due to flood, fire, or other unavoidable cause, Sublandlord is not obligated to repair or restore the Premises. Subtenant's sole remedy is to terminate the Agreement.

8. **MUTUAL INDEMNITY**

Each Party will indemnify the other from and against any loss, cost, claim, liability, damage, or expense (including reasonable attorney's fees) to third parties caused by negligence or misconduct by the indemnifying Party, its agents, employees, or contractors in the performance of this Agreement. In addition, the indemnifying Party will, to the extent of its negligence or misconduct, defend any action or suit brought by a third party against the indemnified Party for any loss, cost, claim, liability, damage, or expense caused by the indemnifying Party's negligence or misconduct, its employees, agents, or contractors, in the performance of this Agreement. No Party will have the duty to indemnify another to the extent of the other Party's own negligence or misconduct.

9. **TAXES AND ASSESSMENTS**

Subtenant will not be liable for payment of any real and personal property taxes or assessments that may be levied on the Premises or on Sublandlord's fixtures, improvements, equipment, or other property on the Premises not belonging to Subtenant. Subtenant must pay any sales tax due on any payment made under this Agreement.

10. **ASSIGNMENT, SALE AND SUBLEASE**

Subtenant may not sell, assign or sublease this Agreement without the written consent of the Sublandlord, which consent shall not be unreasonably withheld, conditioned or delayed. Such assignment, sale or sublease also is subject to the written consent of Landlord under the terms of the Prime Lease.

11. **CANCELLATION**

Sublandlord may cancel this Agreement and recover possession of the Premises by giving Subtenant 30 days' prior written notice, upon the happening of any of the events listed below, that are not cured within the 30 day notice period:

- a. Subtenant's failure to pay when due the rents or fees specified in this Agreement, including any increases made pursuant to this Agreement.
- b. The return for insufficient funds of checks for payment of rents or fees.
- c. The use of the Premises by Subtenant for any purpose not authorized by this Agreement.
- d. The appointment of a trustee or receiver for the Subtenant's assets in a proceeding brought by or against the Subtenant.
- e. The failure of Subtenant to perform any provision or covenant in this Agreement. If such provision or covenant is not possible to perform within such 30 day cure period, Subtenant shall not be in default under this Agreement if it has promptly commenced and is diligently pursuing the cure thereof.

Subtenant may cancel this Agreement with 30 days' written notice if (a) for any reason the Premises become unsuitable for its communications purposes, (b) the appointment of a trustee or receiver for the Sublandlord's assets in a proceeding brought by or against Sublandlord, or (c) the failure of Sublandlord to perform any provision or covenant in this Agreement. If such provision or covenant is not possible to perform within such 30 day cure period, Sublandlord shall not be in default under this Agreement if it has promptly commenced and is diligently pursuing the cure thereof.

12. **NOTICES** Any notices to be given under this Agreement by either Party to the other may be



effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested, to the recipient at the address indicated below:

**Sublandlord:**

GCI Communication Corp.  
Attn.: Carolyn Lima  
2550 Denali Street, Suite 1000  
Anchorage, AK 99503  
Telephone: 907-868-5580  
Email: clima@gci.com

**Subtenant:**

The Alaska Wireless Network, LLC  
Attn.: Rachelle A. Alger  
2550 Denali Street, Suite 1000  
Anchorage, AK 99503  
Telephone: 907-868-5771  
Email: raalger@gci.com

**With a copy of legal notices to:**

GCI Communication Corp.  
Attn: Corporate Counsel  
2550 Denali Street, Suite 1000  
Anchorage, AK 99503

**With a copy of legal notices to:**

The Alaska Wireless Network, LLC.  
Attn: Corporate Counsel  
2550 Denali Street, Suite 1000  
Anchorage, AK 99503

or such other address or to the attention of such other person as the recipient Party may specify by prior written notice to the sending Party. Such notice will be effective as of the date of its receipt.

**13. CONDEMNATION**

If the whole of the Premises or such portion thereof as may be required for its reasonable use, is taken by virtue of any condemnation or eminent domain proceeding, this Agreement will automatically terminate as of the date of the condemnation, or as of the date possession is taken by the condemning authority, whichever is later. The charges will be apportioned as of the date of the end of possession. In case of the taking of a non-material (in Subtenant's reasonable opinion) part of the Premises not required by reasonable use of the Premises, then this Agreement will continue in full force and effect and the charges will be equitably reduced based upon the proportion by which the rentable area of the Premises is reduced. This reduction will be effective on the date of the partial taking.

**14. DISPUTES**

In any disputes between the Parties, the laws of the State of Alaska will govern. Any lawsuit must be brought in the courts of the State of Alaska. Either Party may request a mediation of any unresolved dispute. Subtenant agrees to notify Sublandlord of any claim, demand, or lawsuit arising out of Subtenant's occupation or use of the Premises. Upon Sublandlord's request, Subtenant will reasonably cooperate and assist in the investigation and litigation of any claim, demand, or lawsuit affecting the Premises.

**15. NO WAIVER; CONSENTS**

The failure of a Party to insist upon the strict performance of any provision in this Agreement may not be considered as a waiver or relinquishment of that provision for the future. The waiver of any provision or covenant in this Agreement cannot be enforced or relied upon unless the waiver is in writing and executed by the Party waiving such provision. Whenever consent by one Party is required in this Agreement, the granting of such consent in any one instance will not constitute continuing consent to subsequent instances where such consent is required.

**16. VALIDITY OF PARTS**

If any provision of this Agreement is declared to be invalid by a court of competent jurisdiction, the remaining covenants and provisions will continue in full force.

**17. QUIET ENJOYMENT; ACCESS**

So long as Subtenant is not in breach of this Agreement, it shall have the right of quiet enjoyment of the Premises for the Term and all Extensions thereof, regardless of any sale, transfer, assignment or foreclosure of the Premises. This Agreement shall be binding on each Party’s successors and assigns. Under no circumstances shall Subtenant be prevented or delayed from accessing its equipment during the Term and all Extensions, twenty-four hours a day, seven days a week.

**18. BINDING AGREEMENT; AMENDMENTS; COUNTERPARTS**

This Agreement shall be binding upon each Party’s heirs, representatives, executors, successors and assigns. This Agreement may only be amended in writing, and such amendment shall be signed by authorized representatives of both Parties. The Parties may execute this Agreement in counterparts, each of which shall be deemed an original, and both of which, collectively, taken together shall constitute one and the same Agreement. Delivery of an executed counterpart by electronic transmission email or fax shall be as effective as physical delivery of an executed counterpart.

**19. NON-DISCLOSURE AGREEMENT**

Neither Party shall disclose the terms and conditions of this Agreement, including the rent due hereunder, outside its organization.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement.

**GCI Communication Corp.**

**The Alaska Wireless Network, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: David Morris

Name: Ben Benton

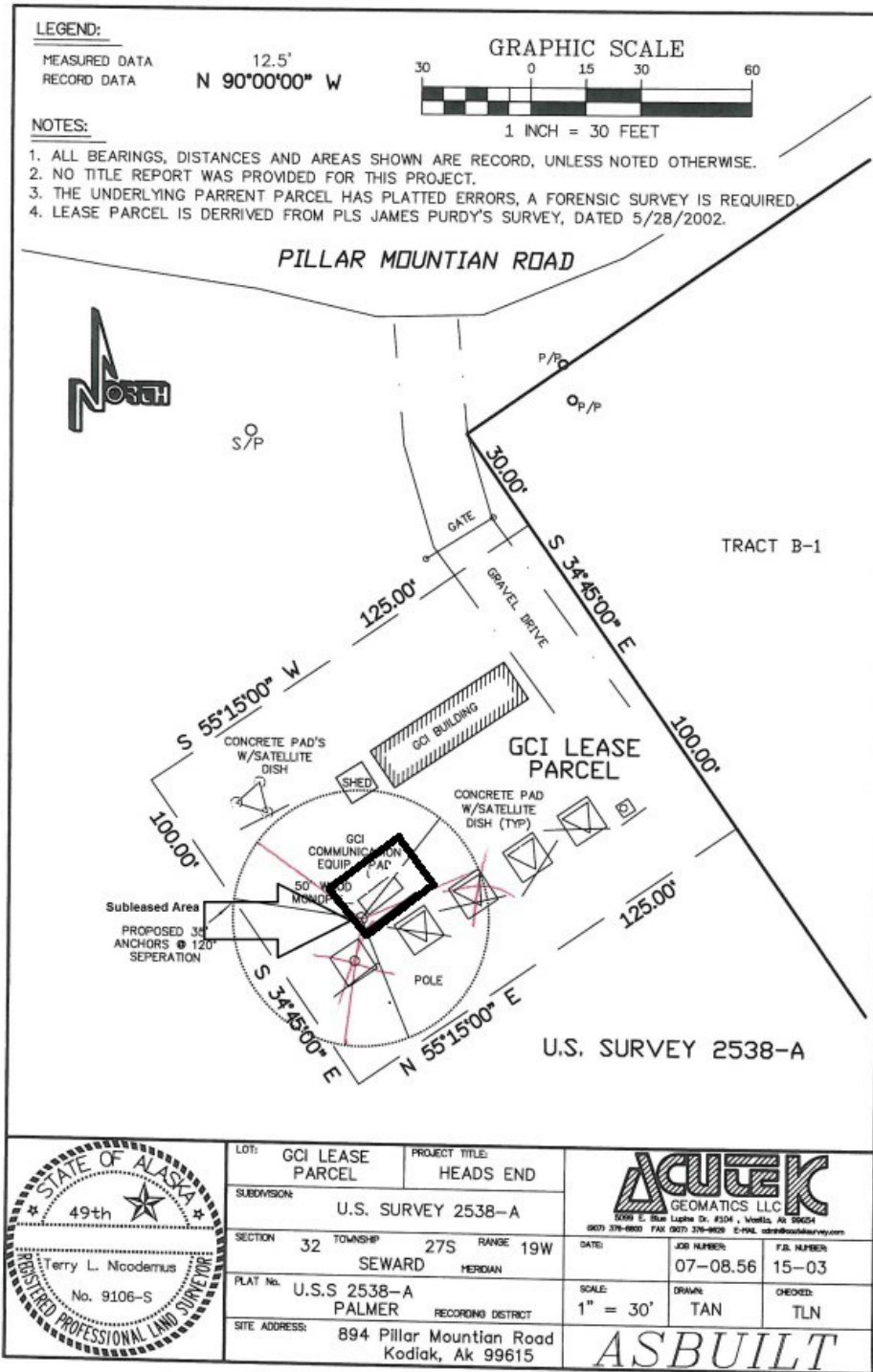
Title: VP, Corporate Communications & Services

Title: VP, Wireless Operations

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

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

# Exhibit A



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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimée Kniaziowski, City Manager 

**Thru:** Mike Tvenge, Deputy City Manager 

**Date:** September 8, 2016

**Agenda Item:** **IV. b. Termination of the Building Inspection Program MOA**

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**SUMMARY:** The City and Borough run a joint building inspection program, which was developed in 1988 and revised through a Memorandum of Understanding (MOA) in 1997. In June 2016 the Borough Assembly opted out of the 2012 International Residential Code (IRC), which was in place, and opted to use the 1997 Uniform Building Code (UBC) for some residential structures in the Borough. The City continues to use the 2012 IRC. This change has caused concern, confusion, and unexpected consequences. The MOA and ensuing problems and issues were discussed at the August 23 joint work session, and the Assembly expressed the desire to revisit their decision. Staff recommends Council postpone action on termination of the MOA until the City Manager comes back with an updated solution, which will come after the Assembly takes required action and City staff and the Joint Building Code Review Committee (JBCRC) can support the proposed changes.

**PREVIOUS COUNCIL ACTION:**

- February 9, 2016, staff briefed Council on Borough Ordinance No. FY2016-12, eliminating the engineering requirement for certain residential construction.
- June 16, 2016, a memo to Council from City Building Official Doug Mathers explaining the effect of the Borough decision to roll back the 2012 International Residential Code (IRC) to the 1997 Uniform Building Code (UBC).
- June 21, 2016, staff briefed Council on proposed updated building codes.
- City Council has had presentations from the Joint Building Code Review Committee (JBCRC), City Building Official and staff about this proposed building code change.
- August 11, 2016, Council moved to postpone vote to terminate the MOA depending on the outcome of discussions at the joint Council/Assembly work session on August 23, 2016.
- August 23, 2016, Assembly agreed to revisit their goals on the building code changes and notify the City and the JBCRB, and both groups agreed to work toward an updated MOA.
- September 6, 2016, Council discussed the issue at the work session.

**DISCUSSION:** On April 15, 1988, the Kodiak Island Borough and the City of Kodiak established a single program for inspection of buildings within the jurisdiction of both governments. This agreement was modified in May of 1997 and is the current MOA both governments work from. Earlier this year, the Assembly voted by ordinance to stop using the 2012 IRC and use the 1997 Uniform Building Code

for some residential construction in the Borough. This decision created many unintended consequences and causes of concern by City staff, the JBCRC, and others as the status of inspections was unclear and contrary to the intent of the existing MOA. The City building inspectors have had many interactions with the Borough staff and Assembly in opposition to this regression in building code change. Staff does not want to inspect two different residential codes – 2012 IRC within the City, while using the 1997 UBC for the Borough residents. The consequences may be more than the value of the MOA to the City.

Based on the Assembly’s reversion to the 1997 UBC code, the City Council decided to postpone termination of the MOA at their August 11 meeting until the City and Borough discussed the problems at the joint work session on August 23. The issue was discussed at that meeting, and an agreement was reached to wait for the Assembly to make changes to their building code decision. If the changes are acceptable to the JBCRC and City, a new agreement would be renegotiated by the Managers.

**ALTERNATIVES:**

- 1) Council may postpone termination of the existing MOA until the Manager brings the issue back to Council for action. This requires Council and staff to wait to review the Assembly’s proposed changes as discussed at the August 23, 2016, joint work session and to get concurrence from the Joint Building Code Review Committee so the existing MOA can be rewritten and the program will be consistent for the City and Borough. This is the approach agreed upon at the joint work session.
- 2) Council may vote to terminate the MOA within 90 days as discussed at the August 11, 2016, meeting. This is not consistent with discussions at the August 23, 2016, joint work session.

**FINANCIAL IMPLICATIONS:** The City Building Inspection offices are provided by the Borough at no cost to the City. The Borough shares in the operational costs based on the value of the property and the expenses associated with implementation of the inspections. The Borough paid the City \$109,000 in FY2015 and \$109,000 in the first three quarters of FY2016 to date. This arrangement is part of the MOA.

Providing building inspection services only within the City would reduce the workload of the division and also reduce income generated by the program as it currently stands.

**LEGAL:** Legal counsel has reviewed the Memorandum of Agreement and determined City Council may terminate by motion. Any negotiated changes will require a legal and insurance review.

**STAFF RECOMMENDATION:** As discussed on August 23, staff recommends Council vote to postpone termination of the existing building inspection MOA with the Borough until such time as the Manager can bring back an acceptable program that works well for the Borough and the City.

**CITY MANAGER'S COMMENTS:** I support the Borough's decision to revisit their earlier action to return to the 1997 IBC. This has caused unexpected difficulties for the City and unintended consequences for some Borough residents. Based on the discussions at the joint work session, we will wait for the Assembly to make their recommended changes, those will go to the JBCRC for review and recommended approval, and I will work with the Borough Manager and City staff to develop a replacement MOA that is for a specific length of time. I will bring that back to Council at which time a decision can be made and a vote taken on whether or not to begin the process of terminating the existing 1988 MOA.

**PROPOSED MOTION:**

Move to further postpone termination of the Building Inspection Program Memorandum of Agreement between the Kodiak Island Borough and City of Kodiak until such time as the City Manager recommends Council adopt a revised agreement that can be enforced consistently.

# **NEW BUSINESS**

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**MEMORANDUM TO COUNCIL**

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**To:** Mayor Branson and City Councilmembers

**From:** Debra Marlar, City Clerk *DM*

**Date:** September 8, 2016

**Agenda Item:** V. a . **Resolution No. 2016–29, Naming Election Workers for the October 4, 2016, Regular Municipal Election**

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**SUMMARY:** Resolution No. 2016–29 names election workers and canvass board members for the October 4, 2016, regular municipal election.

**PREVIOUS COUNCIL ACTION:** Annually, the Council adopts a resolution naming election workers for the regular municipal election.

**BACKGROUND:** Kodiak City Code specifies that prior to each election, the Council shall appoint judges and clerks for each City precinct and will also appoint a canvass board consisting of at least three persons.

This resolution names election workers and canvass board members for the October 4, 2016, regular municipal election and authorizes the City Clerk to appoint other persons, if necessary, to ensure that an adequate number of workers are present to conduct and canvass the election.

**CITY CLERK’S COMMENTS:** The City Clerk recommends the Council adopt Resolution No. 2016–29.

**ATTACHMENTS:**

Attachment A: Resolution No. 2016–29

**PROPOSED MOTION:**

Move to adopt Resolution No. 2016–29.



**CITY OF KODIAK  
RESOLUTION NUMBER 2016–29**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK NAMING  
ELECTION WORKERS FOR THE OCTOBER 4, 2016, REGULAR MUNICIPAL  
ELECTION**

WHEREAS, the City will conduct a regular municipal election on Tuesday, October 4, 2016; and

WHEREAS, the City Code requires that Judges and Clerks of the election be named.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Kodiak, Alaska, hereby appoints the following individuals to serve as election workers for the regular municipal election to be held within the City of Kodiak on Tuesday, October 4, 2016:

- Section 1.** The election workers for Precinct No. 820 (Kodiak No. 1), located at the Harbor-master Building, shall be Merle Powell, Chair and Sandy Peotter, Co-chair; and Yvonne Boudreau, Ellen Lester, Gretchen Saupe, Gloria Selby, Linda Sutton, and Sherry Weimer as Judges.
- Section 2.** The election workers for Precinct No. 825 (Kodiak No. 2), located at the Teen Center, shall be Esther Waddell, Chair and Richard Waddell, Co-Chair; and Cecilia Esparza, Nita Nicolas, Carol Wandersee, and Helen Williams as Judges.
- Section 3.** The Accuvote Board shall be the City and Borough Clerks and their staff.
- Section 4.** The City Receiving Board shall be Marya Halvorsen and Marya Nault.
- Section 5.** The Canvass Board shall be Renee Darrenkamp, Gabriel Saravia, Pat Szabo, and Deborah Tvenge.
- Section 6.** The City Clerk and Clerk’s staff shall have the authority to fill in where needed, and the City Clerk shall have the authority to appoint additional persons, as necessary, to ensure an adequate number of election workers are available to conduct and canvass the election.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:



\_\_\_\_\_  
CITY CLERK

Adopted

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager   
**Thru:** Kelly Mayes, Finance Director   
**Date:** September 8, 2016

**Agenda Item:** V. b. **Resolution No. 2016–30, Authorizing the Issuance of a Series of Boat Lift Special Facility Revenue Refunding Bonds in the Principal Amount of Not to Exceed \$4,000,000 to Refund Certain Outstanding Boat Lift Special Facility Revenue Bonds of the City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale**

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**SUMMARY:** Resolution No. 2016–30 authorizes the City Manager to proceed with bond refunding for the 2007 Harbor Revenue Bonds in an amount not to exceed \$4,000,000. The Alaska Municipal Bond Bank (AMMB) is issuing General Obligation and Refunding Bonds, 2016 Series Three and Series Four Bonds. A portion of the proceeds of the 2016 Series Three and Series Four Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank, including the 2007 Series Five Boat Lift Revenue Bonds issued by the City of Kodiak. Depending on the market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all or none of the refunding candidates. The Bond Bank is not obligated to refund any of the candidates. A market analysis was performed on August 10, 2016, to determine the potential savings to the City. The potential savings for the City of Kodiak 2007 Series Five Boat Lift Revenue Bonds could be as much as \$465,071 over the term of the bonds.

**PREVIOUS COUNCIL ACTION:** Council authorized the issuance of boat lift special facility revenue bonds in one or more series pursuant to Resolution No. 07–32 adopted on October 25, 2007. Bonds were issued under the Master Resolution and Resolution No. 07–33.

**DISCUSSION:** The City has two outstanding revenue bonds for the boat lift. These bonds were previously issued for the purpose of constructing the boat lift in the shipyard. The 2007 Series Five Boat Lift Revenue Bond annual debt service is approximately \$241,000 for fiscal year 2017 and will range from \$241,000 to \$300,000 annually until the bonds reach maturity. Annual coupon rates range from four percent to six percent per annum until maturity on 09/01/2037. Resolution No. 2016–30 authorizes the City Manager to proceed if terms and conditions remain favorable to the City. Additional considerations include market conditions at the pricing date and overall lower costs to the City over the term of the bonds.

Market conditions at the pricing date: The Alaska Municipal Bond Bank has offered to refinance the bonds outstanding to the City at this time due to favorable market conditions. Pricing for the refinancing

and issuance of bonds is scheduled to take place on October 18, 2016. Market conditions could change to reevaluate the refinancing of outstanding bonds, the issuance of additional bonds by the AMBB, or both. Should the market interest rates increase by 0.25 percent, the potential overall savings to the City would decrease to \$392,575. Industry standard savings for choosing to refinance outstanding bonds is three percent of the outstanding principle balance. The City's outstanding principal balance on the bonds eligible for refunding is currently \$3,565,000.

A market analysis was performed on August 10, 2016, to determine the market sensitivity and yield rates for the bond refunding. At this time, the bonds would receive a premium price of \$494,597.35 over par value, which results from the bonds being issued at higher-than-market interest rates. However, on the date of pricing, this premium could be lower. If the bonds were sold at par value or at a discount from par value, additional bonds would be required to meet the sources of funds required for refunding (Attachment C). Therefore, Resolution No. 2016-30 authorizes an increase in principal up to \$4,000,000.

The City of Kodiak would also incur costs of issuance due to refinancing in the amount of \$15,658.65, underwriter's discount costs in the amount of \$10,710, and costs recovered by the City at issuance that total \$4,194.40. These costs include the attorney's fees but would not include the costs of City employees to travel to Seattle, Washington for closing in November.

Overall cost savings: The City would recognize overall savings over the life of the bonds in the estimated amount of \$465,071 due to the lower debt service payments made each year. Per the current amortization schedules, debt service payments average approximately \$245,000 per year. These debt service payments include interest and principal based on the stated rates and range from \$245,000 to \$300,000 each year until maturity. Under the terms of the refinancing, annual debt service payments would decrease on average \$20,000 - \$30,000 per year, resulting in annual debt service payments ranging from \$215,000 to \$225,000. The amortization schedules for current debt service requirements (Attachment D) and refunded debt service (Attachment E) provide annual debt service requirements and detailed amounts for each year under the bonds.

**ALTERNATIVES:** Council has two options to consider:

- 1) Adopt Resolution No. 2016-30, which authorizes the City Manager to proceed if terms and conditions remain favorable to the City. This is the City Attorney and staff's recommendation.
- 2) Do not adopt the resolution and opt not to proceed with refunding at this time. Annual debt service requirements, outstanding principal, and terms would remain the same.

**FINANCIAL IMPLICATIONS:** Due to the nature of the subject, financial implications have been noted throughout.

**LEGAL:** The City Attorney has worked closely with the Bond Bank and Finance Director on this process. The attorney wrote the resolution due to the financial complexity.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2016–30 to be prepared with a refunding option if pricing is favorable in October as outlined.

**CITY MANAGER’S COMMENTS:** This bond refunding or refinancing by the Bond Bank could result in substantial savings to the City if the market is favorable. As the Finance Director explained, the City could likely recognize savings due to the lower debt service payments made each year. That could reduce our annual debt service on the Boat Lift bonds by between \$20,000 to \$30,000 for a potential estimated amount overall savings over the life of the bonds of approximately \$465,071. Per Tom Klinkner, once adopted Resolution No. 2016–30 will position the City to participate in the bond sale along with several other municipal governments if the market is favorable. Therefore, I recommend Council adopt Resolution No. 2016–30 and the other similar resolutions on this agenda dealing with bond refunding.

**ATTACHMENTS:**

Attachment A: Resolution No. 2016–30

Attachment B: Refunding Candidates and Potential Savings

Attachment C: Market Conditions Boat Lift Resolution No. 2016–30

Attachment D: Market Conditions Boat Lift Bonds Resolution No. 2016–30

Attachment E: Refund BL GO Bonds 2016 Series Three & Four Resolution No. 2016–30

**PROPOSED MOTION:**

Move to adopt Resolution No. 2016–30.

**CITY OF KODIAK  
RESOLUTION NUMBER 2016–30**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK  
AUTHORIZING THE ISSUANCE OF A SERIES OF BOAT LIFT SPECIAL FACILITY  
REVENUE REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO  
EXCEED \$4,000,000 TO REFUND CERTAIN OUTSTANDING BOAT LIFT SPECIAL  
FACILITY REVENUE BONDS OF THE CITY, FIXING CERTAIN DETAILS OF SUCH  
BONDS AND AUTHORIZING THEIR SALE**

WHEREAS, the City of Kodiak (the “City”) has authorized the issuance of boat lift special facility revenue bonds in one or more series pursuant to Resolution Number 07–32 adopted October 25, 2007 (the “Master Resolution”); and

WHEREAS, there are now outstanding Boat Lift Special Facility Revenue Bonds, 2007A of the City maturing on September 1 in the years 2018 through 2037 in the aggregate principal amount of \$3,410,000 (the “2007 Bonds”), issued under the Master Resolution and Resolution Number 07–33 of the City; and

WHEREAS, the Council finds that it is in the best interest of the City to provide for the refunding, including the payment of principal of, and premium and interest on, those maturities of the 2007 Bonds (the “Refunded Bonds”) whose refunding the City Manager or City Finance Director determines will produce the percentage debt service savings specified in this Series Resolution, by the issuance of boat lift special facility revenue refunding bonds (the “2016A Bonds”) in the aggregate principal amount of not to exceed \$4,000,000; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter authorizes the City to borrow money and issue evidences of indebtedness therefor, the principal and interest of which are payable solely out of and the only security of which is the revenue of a revenue-producing utility or enterprise when authorized by the council for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, and/or equipment of the utility or enterprise; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter requires that revenue obligations of the City be ratified by a majority of the qualified voters of the City only so long as voter approval is required by state law, and under the constitution and statutes of the State of Alaska the City may issue revenue obligations without voter approval; and

WHEREAS, the Alaska Municipal Bond Bank and the City intend to enter into an Amendatory Loan Agreement, which amends the Loan Agreement dated as of December 1, 2007 (the “2007 Loan Agreement”) between the Alaska Municipal Bond Bank and the City to provide for the refunding of the Refunded Bonds through their exchange for the 2016A Bonds and related matters; and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to each of the City Manager and City Finance Director authority to determine the maturity amounts, interest

rates and other details of the 2016A Bonds, and to determine other matters that are not provided for in this resolution.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska:

Section 1. Definitions. The terms used in this Series Resolution which are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition the following terms shall have the following meanings in this Series Resolution:

“Amendatory Loan Agreement” means the Amendatory Loan Agreement between the City and the Bond Bank, amending the 2007 Loan Agreement to provide for the refunding of the Refunded Bonds through their exchange for the 2016A Bonds, and related matters.

“Bond Bank” means the Alaska Municipal Bond Bank, a public corporation of the State of Alaska.

“Bond Bank Bonds” means general obligation bonds issued by the Bond Bank to refund all or part of its outstanding General Obligation Bonds, 2007 Series Five.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

"Government Obligations" means obligations that are either (i) direct obligations of the United States of America or (ii) obligations of an agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Loan Agreement” means the 2007 Loan Agreement as amended by the Amendatory Loan Agreement.

“2007 Loan Agreement” means the Loan Agreement dated as of December 1, 2007 between the Bond Bank and the City.

“2016A Bond Fund” means the Boat Lift Special Facility Revenue Refunding Bond Fund, 2016A, established by Section 13 of this Series Resolution.

"2016A Bonds" means the City of Kodiak, Alaska, Boat Lift Special Facility Revenue Refunding Bonds, 2016A authorized by this Series Resolution.

“2016A Debt Service Account” means the account of that name created in the 2016A Bond Fund by Section 13(a) of this Series Resolution.

“2016A Reserve Account” means the account of that name created in the 2016A Bond Fund by Section 13(b) of this Series Resolution.

“2016A Reserve Requirement” means an amount equal to the least of (i) Maximum Annual Debt Service with respect to the Outstanding 2016A Bonds; (ii) 125% of average Annual Debt Service with respect to the Outstanding 2016A Bonds; (iii) 10% of the initial principal amount of the 2016A Bonds; and (iv) any lesser amount that may be required from time to time under the Code for the exclusion of interest on the 2016A Bonds from gross income for federal income tax purposes.

Section 2. Authorization of 2016A Bonds and Purpose of Issuance. For the purpose of effecting the refunding by exchange of the Refunded Bonds in the manner set forth in this Series Resolution and the Amendatory Loan Agreement, to make any required deposit into the 2016A Reserve Account, and to pay all costs incidental thereto and to the issuance of the 2016A Bonds, the City hereby authorizes and determines to issue and sell as a series of Bonds under the Master Resolution the 2016A Bonds in the aggregate principal amount of not to exceed \$3,700,000.

Section 3. Obligation of 2016A Bonds. The 2016A Bonds shall be an obligation only of the 2016A Bond Fund and shall be payable and secured as provided herein and in the Master Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016A Bonds.

Section 4. Description of 2016A Bonds. The 2016A Bonds shall be designated "City of Kodiak, Alaska, Boat Lift Special Facility Revenue Refunding Bonds, 2016A." The 2016A Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, shall be numbered separately in the manner and with such additional designation as the Registrar deems necessary for purposes of identification, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The 2016A Bonds shall mature in one or more years commencing no earlier than 2017 and ending no later than 2037. The 2016A Bonds shall bear interest from their date, payable commencing on a date on or after December 1, 2016, and semi-annually thereafter in each year. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Subject to Section 2 and the remainder of this section, the dated date, the principal and interest payment dates, the record dates for interest payments, the aggregate principal amount, the principal amount of each maturity, and the interest rates on the 2016A Bonds shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 5. Optional Redemption. The 2016A Bonds, if any, subject to optional redemption by the City, the time or times when such Bonds are subject to optional redemption, the terms upon which such Bonds may be redeemed, and the redemption price or redemption prices for such 2016A Bonds, shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 6. Selection of 2016A Bonds for Redemption; Notice of Redemption.

(a) Selection of 2016A Bonds for Redemption. When the Bond Bank is the Registered Owner of the 2016A Bonds, the selection of 2016A Bonds to be redeemed shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, the selection of 2016A Bonds to be redeemed shall be made as provided in this subsection (a). If the City redeems at any one time fewer than all of the 2016A Bonds having the same maturity date, the particular 2016A Bonds or portions of 2016A Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a 2016A Bond of a denomination greater than \$5,000, the City shall treat such 2016A Bond as representing such number of separate 2016A Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such 2016A Bond by \$5,000. In the event that only a portion of the principal amount of a 2016A Bond is redeemed, upon surrender of such 2016A Bond at the office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a 2016A Bond or Bonds of like maturity and interest rate in any of the denominations authorized herein.

(b) Notice of Redemption. When the Bond Bank is the Registered Owner of the 2016A Bonds, notice of any intended redemption of 2016A Bonds shall be given as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, notice of any intended redemption of 2016A Bonds shall be made as provided in this subsection (b). Notice of redemption shall be mailed not less than 30 nor more than 45 days prior to the date fixed for redemption by first class mail to the Registered Owners of the 2016A Bonds to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed. Notice of redemption shall be deemed to have been given when the notice is mailed as herein provided, whether or not it is actually received by the Registered Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding 2016A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2016A Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such 2016A Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where such 2016A Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Registrar.

Official notice of redemption having been given as aforesaid, 2016A Bonds or portions of 2016A Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, such 2016A Bonds or portions of 2016A Bonds shall cease to bear interest. Upon surrender of such 2016A Bonds for redemption in accordance with said notice, such 2016A Bonds shall be paid at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender of any 2016A Bond for partial redemption, there shall be prepared for the Registered Owner a new 2016A Bond or Bonds of the same maturity in the amount of the unpaid principal. All 2016A Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.



Each check or other transfer of funds issued to pay the redemption price of 2016A Bonds shall bear the CUSIP number, if any, identifying, by maturity, the 2016A Bonds being redeemed with the proceeds of such check or other transfer.

Section 7. Form of Bond. Each 2016A Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Series Resolution or the Master Resolution:

UNITED STATES OF AMERICA  
STATE OF ALASKA  
CITY OF KODIAK

NO. \_\_\_\_\_ \$ \_\_\_\_\_

BOAT LIFT SPECIAL FACILITY REVENUE REFUNDING BOND, 2016A

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Kodiak, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner identified above, or its registered assigns, the principal amount shown above in the following installments on \_\_\_\_\_ 1 of each of the following years, and to pay interest on such installments from the date hereof, payable on December 1, 2016 and semiannually thereafter on the 1<sup>st</sup> days of \_\_\_\_\_ and \_\_\_\_\_ of each year, at the rates per annum as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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When this 2016A Bond is owned by the Alaska Municipal Bond Bank (the "Bond Bank"), payment of principal and interest shall be made as provided in the Loan Agreement between the Bond Bank and the City dated as of December 1, 2007, as amended (the "Loan Agreement"). When this 2016A Bond is not owned by the Bond Bank, installments of principal and interest on this 2016A Bond shall be paid by check or draft mailed by first class mail to the Registered Owner as of the close of business on the \_\_\_\_\_ day of the month \_\_\_\_\_ each installment payment date; provided that the final installment of principal and interest on this 2016A Bond shall be payable upon presentation and surrender of this 2016A Bond by the Registered Owner at the office of the Registrar. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Both principal of and interest on this 2016A Bond are payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

Installments of principal of this 2016A Bond due on and after \_\_\_\_\_, 20\_\_, shall be subject to prepayment on and after \_\_\_\_\_, 20\_\_, at the option of the City (subject to any

applicable provisions of the Loan Agreement), in such principal amounts and from such maturities as the City may determine, and by lot within a maturity, at a redemption price equal to the principal amount to be prepaid, plus accrued interest to the date of prepayment.

This 2016A Bond is transferable as provided in the Series Resolution, (i) only upon the bond register of the City, and (ii) upon surrender of this 2016A Bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered 2016A Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange therefor as provided in the Series Resolution and upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this 2016A Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This 2016A Bond is a special obligation of the City and is one of a duly authorized issue of Bonds of the City designated "City of Kodiak, Alaska, Boat Lift Special Facility Revenue Bonds" (the "Bonds"), issued and to be issued in various series under Resolution Number 07-32 (the "Master Resolution"), adopted October 25, 2007, and a Series Resolution authorizing each such series. As provided in the Master Resolution, the Bonds may be issued from time to time pursuant to Series Resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Master Resolution is not limited, and all Bonds issued and to be issued under said Master Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Master Resolution.

This 2016A Bond is one of a series of Bonds issued in the aggregate principal amount of \$ \_\_\_\_\_ under the Master Resolution and Resolution Number 2016-30 (the "Series Resolution"), adopted September \_\_, 2016, for the purpose of refunding certain boat lift special facility revenue bonds issued by the City.

This 2016A Bond shall be an obligation only of the 2016A Bond Fund and shall be payable and secured as provided in the Master Resolution and the Series Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016A Bonds. The City has pledged to pay into the 2016A Bond Fund from Net Revenue or money in the Boat Lift Special Facility Revenue Fund, on or prior to the respective dates on which the same become due, such amounts as are required to pay the interest and principal to become due on this 2016A Bond. Said amounts so pledged are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

IT IS HEREBY CERTIFIED and declared that this 2016A Bond is issued pursuant to and in strict compliance with the constitution or statutes of the State of Alaska and the home rule charter of the City, and that all acts, conditions and things required to happen, to be done, and to

be performed precedent to and on the issuance of this 2016A Bond have happened, been done and been performed.

IN WITNESS WHEREOF, THE CITY OF KODIAK, ALASKA, has caused this 2016A Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the \_\_\_\_ day of \_\_\_\_\_ 2016.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

[SEAL]

Section 8. Execution. The 2016A Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Clerk. The execution of a 2016A Bond on behalf of the City by persons who at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the 2016A Bond or shall not have held office on the date of the 2016A Bond.

Section 9. Payment of Principal and Interest. The 2016A Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. When the Bond Bank is the Registered Owner of the 2016A Bonds, payment of principal and interest on the 2016A Bonds shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, installments of principal and interest on the 2016A Bonds shall be paid by check mailed by first class mail to the Registered Owner as of the record date for the installment payment at the address appearing on the Bond Register; provided that the final installment of principal and interest on a 2016A Bond shall be payable upon presentation and surrender of the 2016A Bond by the Registered Owner at the office of the Registrar.

Section 10. Registration. The 2016A Bonds shall be issued only in registered form as to both principal and interest. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the City. The City and the Registrar may treat the person in whose name any 2016A Bond shall be registered as the absolute owner of such 2016A Bond for all purposes,

whether or not the 2016A Bond shall be overdue, and all payments of principal of and interest on a 2016A Bond made to the Registered Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such 2016A Bond to the extent of the sum or sums so paid, and neither the City nor the Registrar shall be affected by any notice to the contrary.

Section 11. Transfer and Exchange. 2016A Bonds shall be transferred only upon the books for the registration and transfer of 2016A Bonds kept at the office of the Registrar. Upon surrender for transfer or exchange of any 2016A Bond at such office, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, the City shall execute and deliver an equal aggregate principal amount of 2016A Bonds of the same maturity of any authorized denominations, subject to such reasonable regulations as the City may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. All 2016A Bonds surrendered for transfer or exchange shall be canceled by the Registrar.

Section 12. 2016A Bonds Mutilated, Destroyed, Stolen or Lost. Upon surrender to the Registrar of a mutilated 2016A Bond, the City shall execute and deliver a new 2016A Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City that a 2016A Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2016A Bond of like maturity and principal amount. The person requesting the execution and delivery of a new 2016A Bond under this section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.

Section 13. 2016A Bond Fund. A special fund of the City designated the "Boat Lift Special Facility Revenue Refunding Bond Fund, 2016A" is hereby created for the purpose of paying and securing the payment of the 2016A Bonds. The 2016A Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the owners, from time to time, of the 2016A Bonds.

(a) 2016A Debt Service Account. A 2016A Debt Service Account is hereby created in the 2016A Bond Fund for the purpose of paying the principal of and interest on the 2016A Bonds. The City hereby irrevocably obligates and binds itself for as long as the 2016A Bonds remain Outstanding to set aside and pay into the 2016A Debt Service Account from Net Revenue or money in the Boat Lift Special Facility Revenue Fund, on or prior to the respective dates on which the same become due (i) such amounts as are required to pay the interest scheduled to become due on the Outstanding 2016A Bonds, and (ii) such amounts as are required to pay maturing principal of the Outstanding 2016A Bonds.

(b) 2016A Reserve Account. A 2016A Reserve Account is hereby created in the 2016A Bond Fund for the purpose of securing the payment of the principal of and interest on the 2016A Bonds. On the date of issuance of the 2016A Bonds, the City shall deposit a sum in the 2016A Reserve Account that is equal to the 2016A Reserve Requirement. If a deficiency occurs in the

2016A Debt Service Account, an amount sufficient to make up the deficiency shall be withdrawn from the 2016A Reserve Account and transferred to the 2016A Debt Service Account. The City shall make up any deficiency in the 2016A Reserve Account resulting from such a withdrawal within one year out of Net Revenue or out of any other moneys legally available for such purpose, after providing for the payments required to be made into the 2016A Debt Service Account within such year.

Any amount in the 2016A Reserve Account in excess of the 2016A Reserve Requirement may be transferred to the 2016A Debt Service Account and used to pay the principal of and interest on the 2016A Bonds as the same becomes due and payable. Whenever there is a sufficient amount in the 2016A Bond Fund, including the 2016A Reserve Account and the 2016A Debt Service Account, to pay the principal of and interest on all Outstanding 2016A Bonds, the amount in the 2016A Reserve Account may be used to pay such principal and interest.

(c) Pledge and Lien. Said amounts so pledged to be paid into the 2016A Debt Service Account and the 2016A Reserve Account are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

Section 14. Designation of Refunded Bonds. The City Manager and City Finance Director each is authorized to designate which, if any, maturities of the 2007 Bonds authorized to be refunded in this Series Resolution shall be refunded, provided that the refunding of the 2007 Bonds so designated shall realize a debt service savings in the aggregate of at least three percent of their principal amount, net of all issuance costs and underwriting discount, on a present value basis.

Section 15. Tax Covenants. The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the 2016A Bonds from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants that it will make no use or investment of the proceeds of the 2016A Bonds which will cause the 2016A Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code, and that it will not take or permit any action that would cause the 2016A Bonds to be "private activity bonds" as defined in Section 141 of the Code.

Section 16. Defeasance. In the event money and/or non-callable Government Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the 2016A Bonds in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such 2016A Bonds and such 2016A Bonds shall be deemed not to be Outstanding.

Section 17. Exchange of Bonds; Amendatory Loan Agreement. The 2016A Bonds shall be delivered to the Bond Bank in exchange for the Refunded Bonds. Subject to the limitations provided in Sections 2 and 4, each of the City Manager and City Finance Director is hereby authorized to determine the aggregate principal amount, maturity amounts, interest rates, yields, dated date, principal and interest payment dates, record dates for principal and interest payments, redemption terms, if any, for the 2016A Bonds, and other details of the 2016A Bonds; provided that: (i) the principal amount of each maturity of the 2016A Bonds shall not exceed the principal amount of the portion of the corresponding maturity of the Bond Bank Bonds that is allocated to the making of a loan to the City; and (ii) the interest rate on each maturity of the 2016A Bonds shall not exceed the interest rate on the corresponding maturity of the Bond Bank Bonds. Based upon the foregoing determinations, the City Manager and City Finance Director each is authorized to negotiate and execute the Amendatory Loan Agreement.

Section 18. Authority of Officers. The City Manager, the acting City Manager, the Finance Director, the acting Finance Director, the Clerk and the acting Clerk are, and each of them hereby is, authorized and directed to do and perform all things and determine all matters not determined by this Series Resolution, to the end that the City may carry out its obligations under the 2016A Bonds and this Series Resolution.

Section 19. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City may now or in the future be an “obligated person” with respect to the Bond Bank Bonds. In accordance with the Rule and as the Bond Bank may require, the City shall enter into a continuing disclosure agreement and undertake to provide certain annual financial information and operating data as shall be set forth in the Amendatory Loan Agreement.

Section 20. Miscellaneous.

(a) All payments made by the City of, or on account of, the principal of or interest on the 2016A Bonds shall be made on the several 2016A Bonds ratably and in proportion to the amount due thereon, respectively, for principal or interest as the case may be.

(b) No recourse shall be had for the payment of the principal of or the interest on the 2016A Bonds or for any claim based thereon or on the Master Resolution or this Series Resolution against any member of the Council or officer of the City or any person executing the 2016A Bonds. The 2016A Bonds are not and shall not be in any way a debt or liability of the State of Alaska or of any political subdivision thereof, except the City, and do not and shall not create or constitute an indebtedness or obligation, either legal, moral or otherwise, of said state or of any political subdivision thereof, except the City.

Section 21. Severability. If any one or more of the provisions of this Series Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Series Resolution and shall in no way affect the validity of the other provisions of this Series Resolution or of the 2016A Bonds.

Section 22. Effective Date. This Series Resolution shall become effective upon passage and approval.

ADOPTED by the City Council of the City of Kodiak, Alaska, this \_\_\_\_ day of September 2016.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

**Alaska Municipal Bond Bank  
Refunding Candidates for GO 2016 Series Three & Four**

Borrower	Refunded Bonds			Refunding Results Under Current Market Conditions					Sensitivity Analysis	
	Series	Refunded Par	Call Date	PV Savings (\$)	PV Savings (%)	Annual Savings	Negative Arbitrage	Neg Arb as % of PV Savings	PV Savings at +25 bps (\$)	PV Savings at +25 bps (%)
1 City of Petersburg	2007-1	\$1,270,000	12/03/2016	\$126,344	9.9%	\$12,412	\$1,997	1.6%	\$111,054	8.7%
2 City of Nome	2007-1	\$665,000	12/03/2016	\$44,900	6.8%	\$8,237	\$1,045	2.3%	\$40,413	6.1%
3 Northwest Arctic Borough	2007-1	\$4,595,000	12/03/2016	\$327,962	7.1%	\$66,383	\$7,224	2.2%	\$296,834	6.5%
4 City of Seward	2007-1	\$1,075,000	12/03/2016	\$68,718	6.4%	\$11,116	\$1,690	2.5%	\$60,008	5.6%
5 City of Wasilla	2007-1	\$810,000	12/03/2016	\$37,946	4.7%	\$12,117	\$1,275	3.4%	\$34,622	4.3%
6 City and Borough of Sitka	2007-1	\$1,625,000	12/03/2016	\$74,183	4.6%	\$24,408	\$2,559	3.4%	\$67,567	4.2%
7 Aleutians East Borough	2007-2	\$19,445,000	12/03/2016	\$3,019,787	15.5%	\$263,960	\$30,590	1.0%	\$2,667,181	13.7%
8 Kenai Peninsula Borough	2007-2	\$2,945,000	12/03/2016	\$399,385	13.6%	\$53,305	\$4,631	1.2%	\$357,223	12.1%
9 City of Bethel	2007-3	\$2,295,000	09/01/2017	\$340,604	14.8%	\$38,379	\$31,417	9.2%	\$301,795	13.2%
10 City of Kodiak (Harbor)	2007-5	\$1,650,000	09/01/2017	\$226,199	13.7%	\$14,167	\$22,531	10.0%	\$190,508	11.5%
11 City of Kodiak (Lift)	2007-5	\$3,410,000	09/01/2017	\$465,071	13.6%	\$29,131	\$46,570	10.0%	\$392,575	11.5%
12 City of Dillingham	2008-1	\$9,190,000	04/01/2018	\$1,182,480	12.9%	\$114,961	\$200,254	16.9%	\$1,014,339	11.0%
13 City of Kodiak	2008-1	\$6,280,000	04/01/2018	\$994,288	15.8%	\$63,721	\$137,279	13.8%	\$851,234	13.6%
14 Kodiak Island Borough	2008-1	\$5,620,000	04/01/2018	\$606,991	10.8%	\$76,640	\$117,074	19.3%	\$517,816	9.2%
15 Municipality of Skagway	2008-2	\$3,060,000	06/01/2018	\$402,858	13.2%	\$39,591	\$73,789	18.3%	\$345,281	11.3%
16 City of Kodiak	2009-1	\$800,000	09/01/2018	\$157,405	19.7%	\$9,817	\$22,022	14.0%	\$137,429	17.2%
17 City and Borough of Juneau	CBJ 2006B	\$18,560,000	12/03/2016	\$1,408,586	7.6%	\$250,651	28,816.68	0.02	\$1,328,901	7.2%
18 City of Ketchikan (AMT)	2006-2	\$30,845,000	12/03/2016	\$5,505,387	17.8%	\$386,339	\$48,716	0.9%	\$4,874,710	15.9%
<b>Total Candidates</b>		<b>\$114,140,000</b>		<b>\$15,389,113</b>	<b>13.5%</b>		<b>\$779,480</b>	<b>5.1%</b>	<b>\$13,589,491</b>	<b>11.9%</b>

Borrower	# of Loans	Total Refunded
1 Aleutians East Borough	1	\$19,445,000
2 City and Borough of Sitka	1	\$1,625,000
3 City of Bethel	1	\$2,295,000
4 City of Dillingham	1	\$9,190,000
5 City of Ketchikan (AMT)	1	\$30,845,000
6 City of Kodiak	4	\$12,140,000
7 City of Nome	1	\$665,000
8 City of Petersburg	1	\$1,270,000
9 City of Seward	1	\$1,075,000
10 City of Wasilla	1	\$810,000
11 Kenai Peninsula Borough	1	\$2,945,000
12 Kodiak Island Borough	1	\$5,620,000
13 Municipality of Skagway	1	\$3,060,000
14 Northwest Arctic Borough	1	\$4,595,000
15 City and Borough of Juneau	1	\$18,560,000
<b>Totals</b>	<b>18</b>	<b>\$114,140,000</b>

Assumptions:  
Annual principal payments on December 1  
Closing on November 3, 2016  
Market conditions as of August 10, 2016

Refunds CBJ bonds



## SOURCES AND USES OF FUNDS

City of Kodiak -- Refund GO 2007-5 (Lift)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

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Dated Date 11/03/2016  
 Delivery Date 11/03/2016

## Sources:

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<b>Bond Proceeds:</b>	
Par Amount	3,060,000.00
Premium	494,597.35
	<u>3,554,597.35</u>

<b>Other Sources of Funds:</b>	
Prior Borrower Reserve Fund	302,831.25
	<u>3,857,428.60</u>

## Uses:

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<b>Refunding Escrow Deposits:</b>	
Cash Deposit	0.55
SLGS Purchases	3,554,765.00
	<u>3,554,765.55</u>

<b>Other Fund Deposits:</b>	
Borrower Reserve Fund	272,100.00

<b>Cost of Issuance:</b>	
Fitch Rating	860.19
S&P Rating	860.19
AMBB Costs	573.46
Miscellaneous Printing, etc.	215.05
Trustee/Escrow Agent	80.28
AMBB FA	979.76
AMBB BC	4,702.87
Verification Agent	149.39
Borrower Costs of Issuance	7,237.46
	<u>15,658.65</u>

<b>Delivery Date Expenses:</b>	
Underwriter's Discount	10,710.00

<b>Other Uses of Funds:</b>	
Additional Proceeds	4,194.40
	<u>3,857,428.60</u>

Boat Lift Special Facility Revenue Bonds, 2007A  
Boat Lift Project - \$4M

Fiscal Year	Date	Principal	Coupon	Interest	Total	Fiscal Year Total
2016	9/1/2015	70,000.00	6.00%	86,215.00	156,215.00	
	3/1/2016			84,115.00	84,115.00	240,330.00
FY 2016 not included in totals at the bottom; shown for FY 2016 purposes and not CP / LTP calcs						
2017	9/1/2016	75,000.00	6.00%	84,115.00	159,115.00	
	3/1/2017			81,865.00	81,865.00	240,980.00
2018	9/1/2017	80,000.00	6.00%	81,865.00	161,865.00	
	3/1/2018			79,465.00	79,465.00	241,330.00
2019	9/1/2018	85,000.00	6.00%	79,465.00	164,465.00	
	3/1/2019			76,915.00	76,915.00	241,380.00
2020	9/1/2019	90,000.00	4.00%	76,915.00	166,915.00	
	3/1/2020			75,115.00	75,115.00	242,030.00
2021	9/1/2020	95,000.00	4.125%	75,115.00	170,115.00	
	3/1/2021			73,155.63	73,155.63	243,270.63
2022	9/1/2021	100,000.00	4.25%	73,155.63	173,155.63	
	3/1/2022			71,030.63	71,030.63	244,186.26
2023	9/1/2022	105,000.00	4.30%	71,030.63	176,030.63	
	3/1/2023			68,773.13	68,773.13	244,803.76
2024	9/1/2023	110,000.00	4.40%	68,773.13	178,773.13	
	3/1/2024			66,353.13	66,353.13	245,126.26
2025	9/1/2024	115,000.00	4.50%	66,353.13	181,353.13	
	3/1/2025			63,765.63	63,765.63	245,118.76
2026	9/1/2025	120,000.00	4.50%	63,765.63	183,765.63	
	3/1/2026			61,065.63	61,065.63	244,831.26
2027	9/1/2026	125,000.00	4.50%	61,065.63	186,065.63	
	3/1/2027			58,253.13	58,253.13	244,318.76
2028	9/1/2027	130,000.00	4.625%	58,253.13	188,253.13	
	3/1/2028			55,246.88	55,246.88	243,500.01
2029	9/1/2028	135,000.00	4.625%	55,246.88	190,246.88	
	3/1/2029			52,125.00	52,125.00	242,371.88
2030	9/1/2029	200,000.00	4.625%	52,125.00	252,125.00	
	3/1/2030			47,500.00	47,500.00	299,625.00
2031	9/1/2030	210,000.00	4.75%	47,500.00	257,500.00	
	3/1/2031			42,512.50	42,512.50	300,012.50
2032	9/1/2031	220,000.00	4.75%	42,512.50	262,512.50	
	3/1/2032			37,287.50	37,287.50	299,800.00
2033	9/1/2032	230,000.00	4.75%	37,287.50	267,287.50	
	3/1/2033			31,825.00	31,825.00	299,112.50
2034	9/1/2033	245,000.00	4.75%	31,825.00	276,825.00	
	3/1/2034			26,006.25	26,006.25	302,831.25
2035	9/1/2034	255,000.00	4.75%	26,006.25	281,006.25	
	3/1/2035			19,950.00	19,950.00	300,956.25
2036	9/1/2035	265,000.00	4.75%	19,950.00	284,950.00	
	3/1/2036			13,656.25	13,656.25	298,606.25
2037	9/1/2036	280,000.00	4.75%	13,656.25	293,656.25	
	3/1/2037			7,006.25	7,006.25	300,662.50
2038	9/1/2037	295,000.00	4.75%	7,006.25	302,006.25	302,006.25
		<u>3,565,000.00</u>		<u>2,301,860.08</u>	<u>5,866,860.08</u>	<u>5,866,860.08</u>

## SAVINGS

City of Kodiak -- Refund GO 2007-5 (Lift)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 3.0624990%
12/01/2016		10,620.56	-10,620.56		-10,595.48
03/01/2017	79,465.00		79,465.00		78,677.29
06/01/2017		68,275.00	-68,275.00		-67,086.53
06/30/2017				569.44	
09/01/2017	79,465.00		79,465.00		77,490.71
12/01/2017		68,275.00	-68,275.00		-66,074.76
03/01/2018	79,465.00		79,465.00		76,322.03
06/01/2018		68,275.00	-68,275.00		-65,078.25
06/30/2018				22,380.00	
09/01/2018	164,465.00		164,465.00		155,577.86
12/01/2018		143,275.00	-143,275.00		-134,506.99
03/01/2019	76,915.00		76,915.00		71,661.46
06/01/2019		67,150.00	-67,150.00		-62,089.87
06/30/2019				30,955.00	
09/01/2019	166,915.00		166,915.00		153,168.77
12/01/2019		147,150.00	-147,150.00		-134,009.40
03/01/2020	75,115.00		75,115.00		67,889.37
06/01/2020		65,550.00	-65,550.00		-58,796.02
06/30/2020				29,330.00	
09/01/2020	170,115.00		170,115.00		151,432.12
12/01/2020		150,550.00	-150,550.00		-133,001.42
03/01/2021	73,155.63		73,155.63		64,139.18
06/01/2021		63,850.00	-63,850.00		-55,556.73
06/30/2021				28,870.63	
09/01/2021	173,155.63		173,155.63		149,524.57
12/01/2021		153,850.00	-153,850.00		-131,848.01
03/01/2022	71,030.63		71,030.63		60,411.81
06/01/2022		62,050.00	-62,050.00		-52,374.29
06/30/2022				28,286.26	
09/01/2022	176,030.63		176,030.63		147,456.77
12/01/2022		157,050.00	-157,050.00		-130,561.32
03/01/2023	68,773.13		68,773.13		56,740.81
06/01/2023		59,675.00	-59,675.00		-48,861.78
06/30/2023				28,078.76	
09/01/2023	178,773.13		178,773.13		145,271.11
12/01/2023		154,675.00	-154,675.00		-124,737.57
03/01/2024	66,353.13		66,353.13		53,105.40
06/01/2024		57,300.00	-57,300.00		-45,512.64
06/30/2024				33,151.26	
09/01/2024	181,353.13		181,353.13		142,956.07
12/01/2024		157,300.00	-157,300.00		-123,057.02
03/01/2025	63,765.63		63,765.63		49,506.76
06/01/2025		54,800.00	-54,800.00		-42,223.92
06/30/2025				33,018.76	
09/01/2025	183,765.63		183,765.63		140,521.37
12/01/2025		159,800.00	-159,800.00		-121,270.45
03/01/2026	61,065.63		61,065.63		45,991.25
06/01/2026		52,175.00	-52,175.00		-38,997.88
06/30/2026				32,856.26	
09/01/2026	186,065.63		186,065.63		138,020.88
12/01/2026		162,175.00	-162,175.00		-119,388.55
03/01/2027	58,253.13		58,253.13		42,559.66
06/01/2027		49,425.00	-49,425.00		-35,836.51
06/30/2027				32,718.76	
09/01/2027	188,253.13		188,253.13		135,463.21
12/01/2027		164,425.00	-164,425.00		-117,421.37
03/01/2028	55,246.88		55,246.88		39,155.00
06/01/2028		46,550.00	-46,550.00		-32,741.55
06/30/2028				32,525.01	
09/01/2028	190,246.88		190,246.88		132,799.75
12/01/2028		166,550.00	-166,550.00		-115,378.39
03/01/2029	52,125.00		52,125.00		35,836.54
06/01/2029		43,550.00	-43,550.00		-29,714.49
06/30/2029				32,271.88	
09/01/2029	252,125.00		252,125.00		170,724.62
12/01/2029		228,550.00	-228,550.00		-153,589.53
03/01/2030	47,500.00		47,500.00		31,679.19
06/01/2030		39,850.00	-39,850.00		-26,376.00
06/30/2030				31,225.00	
09/01/2030	257,500.00		257,500.00		169,144.55
12/01/2030		234,850.00	-234,850.00		-153,098.69
03/01/2031	42,512.50		42,512.50		27,504.12
06/01/2031		35,950.00	-35,950.00		-23,082.35
06/30/2031				29,212.50	
09/01/2031	262,512.50		262,512.50		167,275.10
12/01/2031		235,950.00	-235,950.00		-149,211.20
03/01/2032	37,287.50		37,287.50		23,401.56
06/01/2032		31,950.00	-31,950.00		-19,899.98
06/30/2032				31,900.00	
09/01/2032	267,287.50		267,287.50		165,219.19
12/01/2032		241,950.00	-241,950.00		-148,425.19

SAVINGS

City of Kodiak -- Refund GO 2007-5 (Lift)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 3.0624990%
03/01/2033	31,825.00		31,825.00		19,375.39
06/01/2033		27,750.00	-27,750.00		-16,766.61
06/30/2033				29,412.50	
09/01/2033	276,825.00		276,825.00		165,992.21
12/01/2033		247,750.00	-247,750.00		-147,433.50
03/01/2034	26,006.25		26,006.25		15,358.91
06/01/2034		23,350.00	-23,350.00		-13,685.78
06/30/2034				31,731.25	
09/01/2034	281,006.25		281,006.25		163,455.26
12/01/2034		253,350.00	-253,350.00		-146,252.73
03/01/2035	19,950.00		19,950.00		11,429.47
06/01/2035		18,750.00	-18,750.00		-10,660.67
06/30/2035				28,856.25	
09/01/2035	284,950.00		284,950.00		160,787.44
12/01/2035		253,750.00	-253,750.00		-142,098.55
03/01/2036	13,656.25		13,656.25		7,589.54
06/01/2036		12,875.00	-12,875.00		-7,101.19
06/30/2036				31,981.25	
09/01/2036	293,656.25		293,656.25		160,739.74
12/01/2036		262,875.00	-262,875.00		-142,801.72
03/01/2037	7,006.25		7,006.25		3,777.20
06/01/2037		6,625.00	-6,625.00		-3,544.62
06/30/2037				31,162.50	
09/01/2037	302,006.25		302,006.25		160,361.63
12/01/2037		271,625.00	-271,625.00		-143,137.83
06/30/2038				30,381.25	
	5,622,945.08	4,982,070.56	640,874.52	640,874.52	491,607.52

Savings Summary



PV of savings from cash flow	491,607.52
Less: Prior funds on hand	-302,831.25
Plus: Refunding funds on hand	276,294.40
Net PV Savings	465,070.67

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager   
**Thru:** Kelly Mayes, Finance Director   
**Date:** September 8, 2016

**Agenda Item:** V. c. **Resolution No. 2016–31, Authorizing the Issuance of a Series of Boat Lift Special Facility Revenue Refunding Bonds in the Principal Amount of Not to Exceed \$1,000,000 to Refund Certain Outstanding Boat Lift Special Facility Revenue Bonds Of The City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale**

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**SUMMARY:** Resolution No. 2016–31 authorizes the City Manager to proceed with bond refunding for the 2007 Harbor Revenue Bonds not to exceed \$1,000,000. The Alaska Municipal Bond Bank is issuing General Obligation and Refunding Bonds, 2016 Series Three and Series Four Bonds. A portion of the proceeds of the 2016 Series Three and Series Four Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank, including the 2009 Series One Boat Lift Revenue Bonds issued by the City of Kodiak. Depending on the market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all or none of the refunding candidates. The Bond Bank is not obligated to refund any of the candidates. A market analysis was performed on August 10, 2016, to determine the potential savings to the City. The potential savings for the City of Kodiak 2009 Series One Boat Lift Revenue Bonds could be as much as \$157,405 over the term of the bonds.

**PREVIOUS COUNCIL ACTION:** Council authorized the issuance of boat lift special facility revenue bonds in one or more series pursuant to Resolution No. 07–32, adopted on October 25, 2007. Council issued these bonds under the Master Resolution and Resolution No. 07–33, and amended Resolution No. 07–33 with Resolution No. 08–30.

**DISCUSSION:** The City has two revenue bonds outstanding for the Boat Lift. These bonds were previously issued for the purpose of constructing the Boat Lift in the Ship Yard. The 2009 Series One Boat Lift Revenue Bond annual debt service is approximately \$68,000 for fiscal year 2017 and will range from \$67,000 to \$70,000 annually until the bonds reach maturity. Annual coupon rates range from five percent to six percent per annum until maturity on 09/01/2037. Resolution No. 2016–31 authorizes the City Manager to proceed if terms and conditions remain favorable to the City. Additional considerations include market conditions at the pricing date and overall lower costs to the City over the term of the bonds.

Market conditions at the pricing date: The Alaska Municipal Bond Bank has offered to refinance the bonds outstanding to the City at this time due to favorable market conditions. Pricing for the refinancing, and issuance of bonds is scheduled to take place on October 18, 2016. Market conditions could change to reevaluate the refinancing of outstanding bonds, the issuance of additional bonds by the AMBB, or both. Should the market interest rates increase by 0.25 percent, the potential overall savings to the City would decrease to \$137,429. Industry standard savings for choosing to refinance outstanding bonds is three percent of the outstanding principle balance. The City's outstanding principal balance on the bonds eligible for refunding is currently \$870,000.

A market analysis was performed on August 10, 2016, to determine the market sensitivity and yield rates for the bond refunding. At this time, the bonds would receive a premium price of \$127,868.45 over par value, which results from the bonds being issued at higher-than-market interest rates. However, on the date of pricing, this premium could be lower. If the bonds were sold at par value or at a discount from par value, additional bonds would be required to meet the sources of funds required for refunding (Attachment C). Therefore, Resolution No. 2016-31 authorizes an increase in principal up to \$1,000,000.

The City of Kodiak would also incur costs of issuance due to refinancing in the amount of \$3,837.91, underwriter's discount costs in the amount of \$2,625, and costs recovered by the City at issuance that total \$2,945.02. These costs include the attorney's fees but would not include the costs of City employees to travel to Seattle, Washington for closing in November.

Overall cost savings: The City would recognize overall savings over the life of the bonds in the estimated amount of \$157,405 due to the lower debt service payments made each year. Per the current amortization schedules, debt service payments are approximately \$68,000 per year. These debt service payments include interest and principal based on the stated rates and will remain consistent each year until maturity. Under the terms of the refinancing, annual debt service payments would decrease on average \$8,000 to \$12,000 per year, resulting in annual debt service payments ranging from \$58,000 to \$60,000. The amortization schedules for current debt service requirements (Attachment D) and refunded debt service (Attachment E) provide annual debt service requirements and detailed amounts for each year under the bonds.

**ALTERNATIVES:** Council has two alternatives to consider:

- 1) Adopt Resolution No. 2016-31, which authorizes the City Manager to proceed with bond refunding if terms and conditions remain favorable to the City.
- 2) Do not adopt the resolution and do not proceed with refunding at this time. Annual debt service requirements, outstanding principal, and terms would remain the same.

**FINANCIAL IMPLICATIONS:** Due to the nature of the subject, financial implications have been noted throughout.

**LEGAL:** The City Attorney has worked closely with the Bond Bank and Finance Director on this process. The attorney wrote the resolution due to the financial complexity.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2016–31 to be prepared with a refunding option if pricing is favorable in October as outlined.

**CITY MANAGER’S COMMENTS:** This bond refunding or refinancing by the Bond Bank could result in savings to the City if the market remains favorable. As the Finance Director explained above, the City could likely recognize savings due to the lower debt service payments made each year. That could reduce our annual debt service on this series of the Boat Lift bonds by a decrease on average \$8,000 to \$12,000 per year, resulting in annual debt service payments ranging from \$58,000 to \$60,000. This is an estimated overall savings of approximately \$157,405 over the life of the bonds. Adopting the resolution will position the City to participate in the bond sale along with several other municipal governments if the market is favorable. Therefore, I recommend Council adopt Resolution No. 2016–31 and the other similar resolutions on this agenda dealing with bond refunding.

**ATTACHMENTS:**

Attachment A: Resolution No. 2016–31

Attachment B: Refunding Candidates and Potential Savings

Attachment C: Market Conditions Boat Lift Resolution No. 2016–31

Attachment D: Market Conditions Boat Lift Project Resolution No. 2016–31

Attachment E: Refund BL GO Bonds Resolution No. 2016–31

**PROPOSED MOTION:**

Move to adopt Resolution No. 2016–31.



**CITY OF KODIAK  
RESOLUTION NUMBER 2016-31**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK  
AUTHORIZING THE ISSUANCE OF A SERIES OF BOAT LIFT SPECIAL FACILITY  
REVENUE REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO  
EXCEED \$1,000,000 TO REFUND CERTAIN OUTSTANDING BOAT LIFT SPECIAL  
FACILITY REVENUE BONDS OF THE CITY, FIXING CERTAIN DETAILS OF SUCH  
BONDS AND AUTHORIZING THEIR SALE**

WHEREAS, the City of Kodiak (the “City”) has authorized the issuance of boat lift special facility revenue bonds in one or more series pursuant to Resolution Number 07-32 adopted October 25, 2007 (the “Master Resolution”); and

WHEREAS, there are now outstanding Boat Lift Special Facility Revenue Bonds, 2009A of the City maturing on September 1 in the years 2019 through 2037 in the aggregate principal amount of \$800,000 (the “2009 Bonds”), issued under the Master Resolution and Resolution Number 07-33 of the City, as amended by Resolution Number 08-30 of the City; and

WHEREAS, the Council finds that it is in the best interest of the City to provide for the refunding, including the payment of principal of, and premium and interest on, those maturities of the 2009 Bonds (the “Refunded Bonds”) whose refunding the City Manager or City Finance Director determines will produce the percentage debt service savings specified in this Series Resolution, by the issuance of boat lift special facility revenue refunding bonds (the “2016B Bonds”) in the aggregate principal amount of not to exceed \$1,000,000; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter authorizes the City to borrow money and issue evidences of indebtedness therefor, the principal and interest of which are payable solely out of and the only security of which is the revenue of a revenue-producing utility or enterprise when authorized by the council for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, and/or equipment of the utility or enterprise; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter requires that revenue obligations of the City be ratified by a majority of the qualified voters of the City only so long as voter approval is required by state law, and under the constitution and statutes of the State of Alaska the City may issue revenue obligations without voter approval; and

WHEREAS, the Alaska Municipal Bond Bank and the City intend to enter into an Amendatory Loan Agreement, which amends the Loan Agreement dated as of January 1, 2009 (the “2009 Loan Agreement”) between the Alaska Municipal Bond Bank and the City to provide for the refunding of the Refunded Bonds through their exchange for the 2016B Bonds and related matters; and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to each of the City Manager and City Finance Director authority to determine the maturity amounts, interest

rates and other details of the 2016B Bonds, and to determine other matters that are not provided for in this resolution.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska:

Section 1. Definitions. The terms used in this Series Resolution which are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition the following terms shall have the following meanings in this Series Resolution:

“Amendatory Loan Agreement” means the Amendatory Loan Agreement between the City and the Bond Bank, amending the 2009 Loan Agreement to provide for the refunding of the Refunded Bonds through their exchange for the 2016B Bonds, and related matters.

“Bond Bank” means the Alaska Municipal Bond Bank, a public corporation of the State of Alaska.

“Bond Bank Bonds” means general obligation bonds issued by the Bond Bank to refund all or part of its outstanding General Obligation Bonds, 2009 Series One.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

"Government Obligations" means obligations that are either (i) direct obligations of the United States of America or (ii) obligations of an agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Loan Agreement” means the 2009 Loan Agreement as amended by the Amendatory Loan Agreement.

“2009 Loan Agreement” means the Loan Agreement dated as of January 1, 2009 between the Bond Bank and the City.

“2016B Bond Fund” means the Boat Lift Special Facility Revenue Refunding Bond Fund, 2016B, established by Section 13 of this Series Resolution.

"2016B Bonds" means the City of Kodiak, Alaska, Boat Lift Special Facility Revenue Refunding Bonds, 2016B authorized by this Series Resolution.

“2016B Debt Service Account” means the account of that name created in the 2016B Bond Fund by Section 13(a) of this Series Resolution.

“2016B Reserve Account” means the account of that name created in the 2016B Bond Fund by Section 13(b) of this Series Resolution.

“2016B Reserve Requirement” means an amount equal to the least of (i) Maximum Annual Debt Service with respect to the Outstanding 2016B Bonds; (ii) 125% of average Annual Debt Service with respect to the Outstanding 2016B Bonds; (iii) 10% of the initial principal amount of the 2016B Bonds; and (iv) any lesser amount that may be required from time to time under the Code for the exclusion of interest on the 2016B Bonds from gross income for federal income tax purposes.

Section 2. Authorization of 2016B Bonds and Purpose of Issuance. For the purpose of effecting the refunding by exchange of the Refunded Bonds in the manner set forth in this Series Resolution and the Amendatory Loan Agreement, to make any required deposit into the 2016B Reserve Account, and to pay all costs incidental thereto and to the issuance of the 2016B Bonds, the City hereby authorizes and determines to issue and sell as a series of Bonds under the Master Resolution the 2016B Bonds in the aggregate principal amount of not to exceed \$1,000,000.

Section 3. Obligation of 2016B Bonds. The 2016B Bonds shall be an obligation only of the 2016B Bond Fund and shall be payable and secured as provided herein and in the Master Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016B Bonds.

Section 4. Description of 2016B Bonds. The 2016B Bonds shall be designated "City of Kodiak, Alaska, Boat Lift Special Facility Revenue Refunding Bonds, 2016B." The 2016B Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, shall be numbered separately in the manner and with such additional designation as the Registrar deems necessary for purposes of identification, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The 2016B Bonds shall mature in one or more years commencing no earlier than 2017 and ending no later than 2037. The 2016B Bonds shall bear interest from their date, payable commencing on a date on or after December 1, 2016, and semi-annually thereafter in each year. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Subject to Section 2 and the remainder of this section, the dated date, the principal and interest payment dates, the record dates for interest payments, the aggregate principal amount, the principal amount of each maturity, and the interest rates on the 2016B Bonds shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 5. Optional Redemption. The 2016B Bonds, if any, subject to optional redemption by the City, the time or times when such Bonds are subject to optional redemption, the terms upon which such Bonds may be redeemed, and the redemption price or redemption prices for such 2016B Bonds, shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 6. Selection of 2016B Bonds for Redemption; Notice of Redemption.

(a) Selection of 2016B Bonds for Redemption. When the Bond Bank is the Registered Owner of the 2016B Bonds, the selection of 2016B Bonds to be redeemed shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016B Bonds, the selection of 2016B Bonds to be redeemed shall be made as provided in this subsection (a). If the City redeems at any one time fewer than all of the 2016B Bonds having the same maturity date, the particular 2016B Bonds or portions of 2016B Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a 2016B Bond of a denomination greater than \$5,000, the City shall treat such 2016B Bond as representing such number of separate 2016B Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such 2016B Bond by \$5,000. In the event that only a portion of the principal amount of a 2016B Bond is redeemed, upon surrender of such 2016B Bond at the office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a 2016B Bond or Bonds of like maturity and interest rate in any of the denominations authorized herein.

(b) Notice of Redemption. When the Bond Bank is the Registered Owner of the 2016B Bonds, notice of any intended redemption of 2016B Bonds shall be given as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016B Bonds, notice of any intended redemption of 2016B Bonds shall be made as provided in this subsection (b). Notice of redemption shall be mailed not less than 30 nor more than 45 days prior to the date fixed for redemption by first class mail to the Registered Owners of the 2016B Bonds to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed. Notice of redemption shall be deemed to have been given when the notice is mailed as herein provided, whether or not it is actually received by the Registered Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding 2016B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2016B Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such 2016B Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where such 2016B Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Registrar.

Official notice of redemption having been given as aforesaid, 2016B Bonds or portions of 2016B Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, such 2016B Bonds or portions of 2016B Bonds shall cease to bear interest. Upon surrender of such 2016B Bonds for redemption in accordance with said notice, such 2016B Bonds shall be paid at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender of any 2016B Bond for partial redemption, there shall be prepared for the Registered Owner a new 2016B Bond or Bonds of the same maturity in the amount of the unpaid principal. All 2016B Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

Each check or other transfer of funds issued to pay the redemption price of 2016B Bonds shall bear the CUSIP number, if any, identifying, by maturity, the 2016B Bonds being redeemed with the proceeds of such check or other transfer.

Section 7. Form of Bond. Each 2016B Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Series Resolution or the Master Resolution:

UNITED STATES OF AMERICA  
STATE OF ALASKA  
CITY OF KODIAK

NO. \_\_\_\_\_ \$ \_\_\_\_\_

BOAT LIFT SPECIAL FACILITY REVENUE REFUNDING BOND, 2016B

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Kodiak, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner identified above, or its registered assigns, the principal amount shown above in the following installments on \_\_\_\_\_ 1 of each of the following years, and to pay interest on such installments from the date hereof, payable on December 1, 2016 and semiannually thereafter on the 1<sup>st</sup> days of \_\_\_\_\_ and \_\_\_\_\_ of each year, at the rates per annum as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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When this 2016B Bond is owned by the Alaska Municipal Bond Bank (the "Bond Bank"), payment of principal and interest shall be made as provided in the Loan Agreement between the Bond Bank and the City dated as of December 1, 2007, as amended (the "Loan Agreement"). When this 2016B Bond is not owned by the Bond Bank, installments of principal and interest on this 2016B Bond shall be paid by check or draft mailed by first class mail to the Registered Owner as of the close of business on the \_\_\_\_\_ day of the month \_\_\_\_\_ each installment payment date; provided that the final installment of principal and interest on this 2016B Bond shall be payable upon presentation and surrender of this 2016B Bond by the Registered Owner at the office of the Registrar. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Both principal of and interest on this 2016B Bond are payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

Installments of principal of this 2016B Bond due on and after \_\_\_\_\_, 20\_\_, shall be subject to prepayment on and after \_\_\_\_\_, 20\_\_, at the option of the City (subject to any

applicable provisions of the Loan Agreement), in such principal amounts and from such maturities as the City may determine, and by lot within a maturity, at a redemption price equal to the principal amount to be prepaid, plus accrued interest to the date of prepayment.

This 2016B Bond is transferable as provided in the Series Resolution, (i) only upon the bond register of the City, and (ii) upon surrender of this 2016B Bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered 2016B Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange therefor as provided in the Series Resolution and upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this 2016B Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This 2016B Bond is a special obligation of the City and is one of a duly authorized issue of Bonds of the City designated "City of Kodiak, Alaska, Boat Lift Special Facility Revenue Bonds" (the "Bonds"), issued and to be issued in various series under Resolution Number 07-32 (the "Master Resolution"), adopted October 25, 2007, and a Series Resolution authorizing each such series. As provided in the Master Resolution, the Bonds may be issued from time to time pursuant to Series Resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Master Resolution is not limited, and all Bonds issued and to be issued under said Master Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Master Resolution.

This 2016B Bond is one of a series of Bonds issued in the aggregate principal amount of \$ \_\_\_\_\_ under the Master Resolution and Resolution Number 2016-31 (the "Series Resolution"), adopted September \_\_, 2016, for the purpose of refunding certain boat lift special facility revenue bonds issued by the City.

This 2016B Bond shall be an obligation only of the 2016B Bond Fund and shall be payable and secured as provided in the Master Resolution and the Series Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016B Bonds. The City has pledged to pay into the 2016B Bond Fund from Net Revenue or money in the Boat Lift Special Facility Revenue Fund, on or prior to the respective dates on which the same become due, such amounts as are required to pay the interest and principal to become due on this 2016B Bond. Said amounts so pledged are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

IT IS HEREBY CERTIFIED and declared that this 2016B Bond is issued pursuant to and in strict compliance with the constitution or statutes of the State of Alaska and the home rule charter of the City, and that all acts, conditions and things required to happen, to be done, and to

be performed precedent to and on the issuance of this 2016B Bond have happened, been done and been performed.

IN WITNESS WHEREOF, THE CITY OF KODIAK, ALASKA, has caused this 2016B Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the \_\_\_\_ day of \_\_\_\_\_ 2016.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

[SEAL]

Section 8. Execution. The 2016B Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Clerk. The execution of a 2016B Bond on behalf of the City by persons who at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the 2016B Bond or shall not have held office on the date of the 2016B Bond.

Section 9. Payment of Principal and Interest. The 2016B Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. When the Bond Bank is the Registered Owner of the 2016B Bonds, payment of principal and interest on the 2016B Bonds shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016B Bonds, installments of principal and interest on the 2016B Bonds shall be paid by check mailed by first class mail to the Registered Owner as of the record date for the installment payment at the address appearing on the Bond Register; provided that the final installment of principal and interest on a 2016B Bond shall be payable upon presentation and surrender of the 2016B Bond by the Registered Owner at the office of the Registrar.

Section 10. Registration. The 2016B Bonds shall be issued only in registered form as to both principal and interest. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the City. The City and the Registrar may treat the person in whose name any 2016B Bond shall be registered as the absolute owner of such 2016B Bond for all purposes,

whether or not the 2016B Bond shall be overdue, and all payments of principal of and interest on a 2016B Bond made to the Registered Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such 2016B Bond to the extent of the sum or sums so paid, and neither the City nor the Registrar shall be affected by any notice to the contrary.

Section 11. Transfer and Exchange. 2016B Bonds shall be transferred only upon the books for the registration and transfer of 2016B Bonds kept at the office of the Registrar. Upon surrender for transfer or exchange of any 2016B Bond at such office, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, the City shall execute and deliver an equal aggregate principal amount of 2016B Bonds of the same maturity of any authorized denominations, subject to such reasonable regulations as the City may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. All 2016B Bonds surrendered for transfer or exchange shall be canceled by the Registrar.

Section 12. 2016B Bonds Mutilated, Destroyed, Stolen or Lost. Upon surrender to the Registrar of a mutilated 2016B Bond, the City shall execute and deliver a new 2016B Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City that a 2016B Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2016B Bond of like maturity and principal amount. The person requesting the execution and delivery of a new 2016B Bond under this section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.

Section 13. 2016B Bond Fund. A special fund of the City designated the "Boat Lift Special Facility Revenue Refunding Bond Fund, 2016B" is hereby created for the purpose of paying and securing the payment of the 2016B Bonds. The 2016B Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the owners, from time to time, of the 2016B Bonds.

(a) 2016B Debt Service Account. A 2016B Debt Service Account is hereby created in the 2016B Bond Fund for the purpose of paying the principal of and interest on the 2016B Bonds. The City hereby irrevocably obligates and binds itself for as long as the 2016B Bonds remain Outstanding to set aside and pay into the 2016B Debt Service Account from Net Revenue or money in the Boat Lift Special Facility Revenue Fund, on or prior to the respective dates on which the same become due (i) such amounts as are required to pay the interest scheduled to become due on the Outstanding 2016B Bonds, and (ii) such amounts as are required to pay maturing principal of the Outstanding 2016B Bonds.

(b) 2016B Reserve Account. A 2016B Reserve Account is hereby created in the 2016B Bond Fund for the purpose of securing the payment of the principal of and interest on the 2016B Bonds. On the date of issuance of the 2016B Bonds, the City shall deposit a sum in the 2016B Reserve Account that is equal to the 2016B Reserve Requirement. If a deficiency occurs in the



2016B Debt Service Account, an amount sufficient to make up the deficiency shall be withdrawn from the 2016B Reserve Account and transferred to the 2016B Debt Service Account. The City shall make up any deficiency in the 2016B Reserve Account resulting from such a withdrawal within one year out of Net Revenue or out of any other moneys legally available for such purpose, after providing for the payments required to be made into the 2016B Debt Service Account within such year.

Any amount in the 2016B Reserve Account in excess of the 2016B Reserve Requirement may be transferred to the 2016B Debt Service Account and used to pay the principal of and interest on the 2016B Bonds as the same becomes due and payable. Whenever there is a sufficient amount in the 2016B Bond Fund, including the 2016B Reserve Account and the 2016B Debt Service Account, to pay the principal of and interest on all Outstanding 2016B Bonds, the amount in the 2016B Reserve Account may be used to pay such principal and interest.

(c) Pledge and Lien. Said amounts so pledged to be paid into the 2016B Debt Service Account and the 2016B Reserve Account are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

Section 14. Designation of Refunded Bonds. The City Manager and City Finance Director each is authorized to designate which, if any, maturities of the 2009 Bonds authorized to be refunded in this Series Resolution shall be refunded, provided that the refunding of the 2009 Bonds so designated shall realize a debt service savings in the aggregate of at least three percent of their principal amount, net of all issuance costs and underwriting discount, on a present value basis.

Section 15. Tax Covenants. The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the 2016B Bonds from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants that it will make no use or investment of the proceeds of the 2016B Bonds which will cause the 2016B Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code, and that it will not take or permit any action that would cause the 2016B Bonds to be "private activity bonds" as defined in Section 141 of the Code.

Section 16. Defeasance. In the event money and/or non-callable Government Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the 2016B Bonds in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such 2016B Bonds and such 2016B Bonds shall be deemed not to be Outstanding.

Section 17. Exchange of Bonds; Amendatory Loan Agreement. The 2016B Bonds shall be delivered to the Bond Bank in exchange for the Refunded Bonds. Subject to the limitations provided in Sections 2 and 4, each of the City Manager and City Finance Director is hereby authorized to determine the aggregate principal amount, maturity amounts, interest rates, yields, dated date, principal and interest payment dates, record dates for principal and interest payments, redemption terms, if any, for the 2016B Bonds, and other details of the 2016B Bonds; provided that: (i) the principal amount of each maturity of the 2016B Bonds shall not exceed the principal amount of the portion of the corresponding maturity of the Bond Bank Bonds that is allocated to the making of a loan to the City; and (ii) the interest rate on each maturity of the 2016B Bonds shall not exceed the interest rate on the corresponding maturity of the Bond Bank Bonds. Based upon the foregoing determinations, the City Manager and City Finance Director each is authorized to negotiate and execute the Amendatory Loan Agreement.

Section 18. Authority of Officers. The City Manager, the acting City Manager, the Finance Director, the acting Finance Director, the Clerk and the acting Clerk are, and each of them hereby is, authorized and directed to do and perform all things and determine all matters not determined by this Series Resolution, to the end that the City may carry out its obligations under the 2016B Bonds and this Series Resolution.

Section 19. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), the City may now or in the future be an “obligated person” with respect to the Bond Bank Bonds. In accordance with the Rule and as the Bond Bank may require, the City shall enter into a continuing disclosure agreement and undertake to provide certain annual financial information and operating data as shall be set forth in the Amendatory Loan Agreement.

Section 20. Miscellaneous.

(a) All payments made by the City of, or on account of, the principal of or interest on the 2016B Bonds shall be made on the several 2016B Bonds ratably and in proportion to the amount due thereon, respectively, for principal or interest as the case may be.

(b) No recourse shall be had for the payment of the principal of or the interest on the 2016B Bonds or for any claim based thereon or on the Master Resolution or this Series Resolution against any member of the Council or officer of the City or any person executing the 2016B Bonds. The 2016B Bonds are not and shall not be in any way a debt or liability of the State of Alaska or of any political subdivision thereof, except the City, and do not and shall not create or constitute an indebtedness or obligation, either legal, moral or otherwise, of said state or of any political subdivision thereof, except the City.

Section 21. Severability. If any one or more of the provisions of this Series Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Series Resolution and shall in no way affect the validity of the other provisions of this Series Resolution or of the 2016B Bonds.

Section 22. Effective Date. This Series Resolution shall become effective upon passage and approval.

ADOPTED by the City Council of the City of Kodiak, Alaska, this \_\_\_\_ day of September 2016.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

**Alaska Municipal Bond Bank  
Refunding Candidates for GO 2016 Series Three & Four**

Borrower	Refunded Bonds			Refunding Results Under Current Market Conditions					Sensitivity Analysis	
	Series	Refunded Par	Call Date	PV Savings (\$)	PV Savings (%)	Annual Savings	Negative Arbitrage	Neg Arb as % of PV Savings	PV Savings at +25 bps (\$)	PV Savings at +25 bps (%)
1 City of Petersburg	2007-1	\$1,270,000	12/03/2016	\$126,344	9.9%	\$12,412	\$1,997	1.6%	\$111,054	8.7%
2 City of Nome	2007-1	\$665,000	12/03/2016	\$44,900	6.8%	\$8,237	\$1,045	2.3%	\$40,413	6.1%
3 Northwest Arctic Borough	2007-1	\$4,595,000	12/03/2016	\$327,962	7.1%	\$66,383	\$7,224	2.2%	\$296,834	6.5%
4 City of Seward	2007-1	\$1,075,000	12/03/2016	\$68,718	6.4%	\$11,116	\$1,690	2.5%	\$60,008	5.6%
5 City of Wasilla	2007-1	\$810,000	12/03/2016	\$37,946	4.7%	\$12,117	\$1,275	3.4%	\$34,622	4.3%
6 City and Borough of Sitka	2007-1	\$1,625,000	12/03/2016	\$74,183	4.6%	\$24,408	\$2,559	3.4%	\$67,567	4.2%
7 Aleutians East Borough	2007-2	\$19,445,000	12/03/2016	\$3,019,787	15.5%	\$263,960	\$30,590	1.0%	\$2,667,181	13.7%
8 Kenai Peninsula Borough	2007-2	\$2,945,000	12/03/2016	\$399,385	13.6%	\$53,305	\$4,631	1.2%	\$357,223	12.1%
9 City of Bethel	2007-3	\$2,295,000	09/01/2017	\$340,604	14.8%	\$38,379	\$31,417	9.2%	\$301,795	13.2%
10 City of Kodiak (Harbor)	2007-5	\$1,650,000	09/01/2017	\$226,199	13.7%	\$14,167	\$22,531	10.0%	\$190,508	11.5%
11 City of Kodiak (Lift)	2007-5	\$3,410,000	09/01/2017	\$465,071	13.6%	\$29,131	\$46,570	10.0%	\$392,575	11.5%
12 City of Dillingham	2008-1	\$9,190,000	04/01/2018	\$1,182,480	12.9%	\$114,961	\$200,254	16.9%	\$1,014,339	11.0%
13 City of Kodiak	2008-1	\$6,280,000	04/01/2018	\$994,288	15.8%	\$63,721	\$137,279	13.8%	\$851,234	13.6%
14 Kodiak Island Borough	2008-1	\$5,620,000	04/01/2018	\$606,991	10.8%	\$76,640	\$117,074	19.3%	\$517,816	9.2%
15 Municipality of Skagway	2008-2	\$3,060,000	06/01/2018	\$402,858	13.2%	\$39,591	\$73,789	18.3%	\$345,281	11.3%
16 City of Kodiak	2009-1	\$800,000	09/01/2018	\$157,405	19.7%	\$9,817	\$22,022	14.0%	\$137,429	17.2%
17 City and Borough of Juneau	CBJ 2006B	\$18,560,000	12/03/2016	\$1,408,586	7.6%	\$250,651	28,816.68	0.02	\$1,328,901	7.2%
18 City of Ketchikan (AMT)	2006-2	\$30,845,000	12/03/2016	\$5,505,387	17.8%	\$386,339	\$48,716	0.9%	\$4,874,710	15.8%
<b>Total Candidates</b>		<b>\$114,140,000</b>		<b>\$15,389,113</b>	<b>13.5%</b>		<b>\$779,480</b>	<b>5.1%</b>	<b>\$13,589,491</b>	<b>11.9%</b>

Borrower	# of Loans	Total Refunded
1 Aleutians East Borough	1	\$19,445,000
2 City and Borough of Sitka	1	\$1,625,000
3 City of Bethel	1	\$2,295,000
4 City of Dillingham	1	\$9,190,000
5 City of Ketchikan (AMT)	1	\$30,845,000
6 City of Kodiak	4	\$12,140,000
7 City of Nome	1	\$665,000
8 City of Petersburg	1	\$1,270,000
9 City of Seward	1	\$1,075,000
10 City of Wasilla	1	\$810,000
11 Kenai Peninsula Borough	1	\$2,945,000
12 Kodiak Island Borough	1	\$5,620,000
13 Municipality of Skagway	1	\$3,060,000
14 Northwest Arctic Borough	1	\$4,595,000
15 City and Borough of Juneau	1	\$18,560,000
<b>Totals</b>	<b>18</b>	<b>\$114,140,000</b>

Assumptions:  
Annual principal payments on December 1  
Closing on November 3, 2016  
Market conditions as of August 10, 2016

Refunds CBJ bonds

## SOURCES AND USES OF FUNDS

City of Kodiak -- Refund GO 2009-1  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

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Dated Date 11/03/2016  
 Delivery Date 11/03/2016

## Sources:

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Bond Proceeds:	
Par Amount	750,000.00
Premium	127,868.45
	<u>877,868.45</u>

Other Sources of Funds:	
Prior Borrower Reserve Fund	72,637.50
	<u>950,505.95</u>

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## Uses:

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Refunding Escrow Deposits:	
Cash Deposit	0.02
SLGS Purchases	879,298.00
	<u>879,298.02</u>

Other Fund Deposits:	
Borrower Reserve Fund	61,800.00

Cost of Issuance:	
Fitch Rating	210.83
S&P Rating	210.83
AMBB Costs	140.55
Miscellaneous Printing, etc.	52.71
Trustee/Escrow Agent	19.68
AMBB FA	240.14
AMBB BC	1,152.66
Verification Agent	36.62
Borrower Costs of Issuance	1,773.89
	<u>3,837.91</u>

Delivery Date Expenses:	
Underwriter's Discount	2,625.00

Other Uses of Funds:	
Additional Proceeds	2,945.02
	<u>950,505.95</u>

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Boat Lift Special Facility Revenue Bonds, 2009  
Boat Lift Project - \$1M

Fiscal Year	Date	Principal	Coupon	Interest	Total	Fiscal Year Total
2016	9/1/2015	20,000	5.000%	24,606.25	44,606.25	68,712.50
	3/1/2016			24,106.25	24,106.25	
FY 2016 not included in totals at the bottom; shown for FY 2016 purposes and not CP / LTP calcs						
2017	9/1/2016	20,000	5.000%	24,106.25	44,106.25	67,712.50
	3/1/2017			23,606.25	23,606.25	
2018	9/1/2017	25,000	5.000%	23,606.25	48,606.25	71,587.50
	3/1/2018			22,981.25	22,981.25	
2019	9/1/2018	25,000	5.000%	22,981.25	47,981.25	70,337.50
	3/1/2019			22,356.25	22,356.25	
2020	9/1/2019	25,000	5.000%	22,356.25	47,356.25	69,087.50
	3/1/2020			21,731.25	21,731.25	
2021	9/1/2020	25,000	5.000%	21,731.25	46,731.25	67,837.50
	3/1/2021			21,106.25	21,106.25	
2022	9/1/2021	30,000	5.000%	21,106.25	51,106.25	71,462.50
	3/1/2022			20,356.25	20,356.25	
2023	9/1/2022	30,000	5.000%	20,356.25	50,356.25	69,962.50
	3/1/2023			19,606.25	19,606.25	
2024	9/1/2023	30,000	5.250%	19,606.25	49,606.25	68,425.00
	3/1/2024			18,818.75	18,818.75	
2025	9/1/2024	30,000	5.250%	18,818.75	48,818.75	66,850.00
	3/1/2025			18,031.25	18,031.25	
2026	9/1/2025	35,000	5.375%	18,031.25	53,031.25	70,121.88
	3/1/2026			17,090.63	17,090.63	
2027	9/1/2026	35,000	5.500%	17,090.63	52,090.63	68,218.75
	3/1/2027			16,128.13	16,128.13	
2028	9/1/2027	40,000	5.500%	16,128.13	56,128.13	71,156.25
	3/1/2028			15,028.13	15,028.13	
2029	9/1/2028	40,000	5.500%	15,028.13	55,028.13	68,956.25
	3/1/2029			13,928.13	13,928.13	
2030	9/1/2029	40,000	5.625%	13,928.13	53,928.13	66,731.25
	3/1/2030			12,803.13	12,803.13	
2031	9/1/2030	45,000 *	5.750%	12,803.13	57,803.13	69,312.50
	3/1/2031			11,509.38	11,509.38	
2032	9/1/2031	45,000 *	5.750%	11,509.38	56,509.38	66,725.00
	3/1/2032			10,215.63	10,215.63	
2033	9/1/2032	50,000 *	5.750%	10,215.63	60,215.63	68,993.75
	3/1/2033			8,778.13	8,778.13	
2034	9/1/2033	55,000	5.750%	8,778.13	63,778.13	70,975.00
	3/1/2034			7,196.88	7,196.88	
2035	9/1/2034	55,000 *	5.875%	7,196.88	62,196.88	67,778.13
	3/1/2035			5,581.25	5,581.25	
2036	9/1/2035	60,000 *	5.875%	5,581.25	65,581.25	69,400.00
	3/1/2036			3,818.75	3,818.75	
2037	9/1/2036	65,000 *	5.875%	3,818.75	68,818.75	70,728.13
	3/1/2037			1,909.38	1,909.38	
2038	9/1/2037	65,000	5.875%	1,909.38	66,909.38	66,909.38
		<u>870,000.00</u>		<u>649,268.75</u>	<u>1,519,268.75</u>	<u>1,519,268.75</u>

## SAVINGS

City of Kodiak -- Refund GO 2009-1  
Alaska Municipal Bond Bank  
GO Bonds 2016 Series Three & Four  
Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 2.9770113%
12/01/2016		2,644.44	-2,644.44		-2,638.37
03/01/2017	22,356.25		22,356.25		22,140.75
06/01/2017		17,000.00	-17,000.00		-16,712.21
06/30/2017				2,711.81	
09/01/2017	22,356.25		22,356.25		21,816.02
12/01/2017		17,000.00	-17,000.00		-16,467.10
03/01/2018	22,356.25		22,356.25		21,496.05
06/01/2018		17,000.00	-17,000.00		-16,225.58
06/30/2018				10,712.50	
09/01/2018	22,356.25		22,356.25		21,180.77
12/01/2018		17,000.00	-17,000.00		-15,987.60
03/01/2019	22,356.25		22,356.25		20,870.12
06/01/2019		17,000.00	-17,000.00		-15,753.12
06/30/2019				10,712.50	
09/01/2019	47,356.25		47,356.25		43,559.85
12/01/2019		42,000.00	-42,000.00		-38,348.64
03/01/2020	21,731.25		21,731.25		19,695.95
06/01/2020		16,500.00	-16,500.00		-14,844.57
06/30/2020				10,587.50	
09/01/2020	46,731.25		46,731.25		41,733.31
12/01/2020		41,500.00	-41,500.00		-36,788.75
03/01/2021	21,106.25		21,106.25		18,572.47
06/01/2021		16,000.00	-16,000.00		-13,975.59
06/30/2021				10,337.50	
09/01/2021	51,106.25		51,106.25		44,311.42
12/01/2021		46,000.00	-46,000.00		-39,590.51
03/01/2022	20,356.25		20,356.25		17,390.92
06/01/2022		15,400.00	-15,400.00		-13,059.82
06/30/2022				10,062.50	
09/01/2022	50,356.25		50,356.25		42,389.80
12/01/2022		45,400.00	-45,400.00		-37,936.34
03/01/2023	19,606.25		19,606.25		16,262.44
06/01/2023		14,650.00	-14,650.00		-12,062.03
06/30/2023				9,912.50	
09/01/2023	49,606.25		49,606.25		40,542.51
12/01/2023		44,650.00	-44,650.00		-36,223.24
03/01/2024	18,818.75		18,818.75		15,154.73
06/01/2024		13,900.00	-13,900.00		-11,111.27
06/30/2024				9,875.00	
09/01/2024	48,818.75		48,818.75		38,737.11
12/01/2024		43,900.00	-43,900.00		-34,577.74
03/01/2025	18,031.25		18,031.25		14,097.74
06/01/2025		13,150.00	-13,150.00		-10,205.66
06/30/2025				9,800.00	
09/01/2025	53,031.25		53,031.25		40,854.38
12/01/2025		48,150.00	-48,150.00		-36,820.92
03/01/2026	17,090.63		17,090.63		12,973.23
06/01/2026		12,275.00	-12,275.00		-9,249.18
06/30/2026				9,696.88	
09/01/2026	52,090.63		52,090.63		38,961.23
12/01/2026		47,275.00	-47,275.00		-35,099.12
03/01/2027	16,128.13		16,128.13		11,886.12
06/01/2027		11,400.00	-11,400.00		-8,339.74
06/30/2027				9,543.76	
09/01/2027	56,128.13		56,128.13		40,758.67
12/01/2027		51,400.00	-51,400.00		-37,050.50
03/01/2028	15,028.13		15,028.13		10,752.95
06/01/2028		10,400.00	-10,400.00		-7,386.65
06/30/2028				9,356.26	
09/01/2028	55,028.13		55,028.13		38,796.31
12/01/2028		50,400.00	-50,400.00		-35,271.81
03/01/2029	13,928.13		13,928.13		9,675.68
06/01/2029		9,400.00	-9,400.00		-6,481.99
06/30/2029				9,156.26	
09/01/2029	53,928.13		53,928.13		36,913.68
12/01/2029		49,400.00	-49,400.00		-33,565.30
03/01/2030	12,803.13		12,803.13		8,635.18
06/01/2030		8,600.00	-8,600.00		-5,757.65
06/30/2030				8,731.26	
09/01/2030	57,803.13		57,803.13		38,414.01
12/01/2030		53,600.00	-53,600.00		-35,358.56
03/01/2031	11,509.38		11,509.38		7,536.56
06/01/2031		7,700.00	-7,700.00		-5,005.00
06/30/2031				8,012.51	
09/01/2031	56,509.38		56,509.38		36,460.70
12/01/2031		47,700.00	-47,700.00		-30,550.23
03/01/2032	10,215.63		10,215.63		6,494.61
06/01/2032		6,900.00	-6,900.00		-4,354.40
06/30/2032				12,125.01	
09/01/2032	60,215.63		60,215.63		37,720.73
12/01/2032		51,900.00	-51,900.00		-32,272.29

SAVINGS

City of Kodiak -- Refund GO 2009-1  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 2.9770113%
03/01/2033	8,778.13		8,778.13		5,418.21
06/01/2033		6,000.00	-6,000.00		-3,676.18
06/30/2033				11,093.76	
09/01/2033	63,778.13		63,778.13		38,789.03
12/01/2033		56,000.00	-56,000.00		-33,807.78
03/01/2034	7,196.88		7,196.88		4,312.85
06/01/2034		5,000.00	-5,000.00		-2,974.28
06/30/2034				9,975.01	
09/01/2034	62,196.88		62,196.88		36,725.86
12/01/2034		55,000.00	-55,000.00		-32,237.22
03/01/2035	5,581.25		5,581.25		3,247.27
06/01/2035		4,000.00	-4,000.00		-2,310.14
06/30/2035				8,778.13	
09/01/2035	65,581.25		65,581.25		37,596.67
12/01/2035		54,000.00	-54,000.00		-30,729.46
03/01/2036	3,818.75		3,818.75		2,157.12
06/01/2036		2,750.00	-2,750.00		-1,541.97
06/30/2036				12,650.00	
09/01/2036	68,818.75		68,818.75		38,303.88
12/01/2036		57,750.00	-57,750.00		-31,906.52
03/01/2037	1,909.38		1,909.38		1,047.16
06/01/2037		1,375.00	-1,375.00		-748.54
06/30/2037				11,603.13	
09/01/2037	66,909.38		66,909.38		36,156.74
12/01/2037		56,375.00	-56,375.00		-30,239.90
06/30/2038				10,534.38	
	1,421,412.60	1,205,444.44	215,968.16	215,968.16	165,297.30

Savings Summary

PV of savings from cash flow	165,297.30
Less: Prior funds on hand	-72,637.50
Plus: Refunding funds on hand	64,745.02
Net PV Savings	157,404.82



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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager *AK*  
**Thru:** Kelly Mayes, Finance Director *KM*  
**Date:** September 8, 2016

**Agenda Item:** **V. d. Resolution No. 2016–32, Authorizing the Issuance of a Series of Harbor Revenue Refunding Bonds in the Principal Amount Not to Exceed \$2,000,000 to Refund Certain Outstanding Harbor Revenue Bonds of the City, Fixing Certain Details of Such Bonds, and Authorizing Their Sale**

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**SUMMARY:** Resolution No. 2016–32 authorizes the City Manager to proceed with bond refunding for the 2007 Harbor Revenue Bonds in an amount not to exceed \$2,000,000. The Alaska Municipal Bond Bank is issuing General Obligation and Refunding Bonds, 2016 Series Three and Series Four Bonds. A portion of the proceeds of the 2016 Series Three and Series Four Bonds is being used to refund and redeem certain outstanding bonds of the Bond Bank, including the 2007 Series Five Boat Harbor Revenue Bonds issued by the City of Kodiak. Depending on the market conditions on the pricing date and resulting savings available as a result of the refunding, the Bond Bank may refund all or none of the refunding candidates. The Bond Bank is not obligated to refund any of the candidates. A market analysis was performed on August 10, 2016, to determine the potential savings to the City. The potential savings for the City of Kodiak 2007 Series Five Boat Harbor Revenue Bonds could be as much as \$226,199 over the term of the bonds.

**PREVIOUS COUNCIL ACTION:** Council authorized the issuance of Harbor Revenue bonds in one or more series pursuant to Resolution No. 07–30, adopted on October 25, 2007. Council issued these bonds under the Master Resolution and Resolution No. 07–31.

**DISCUSSION:** The City has one revenue bond outstanding for the Boat Harbor. These bonds were previously issued for the purpose of replacing M, N, and P floats in St. Herman Harbor. The 2007 Series Five Harbor Revenue Bond annual debt service is approximately \$126,000 for fiscal year 2017 and will range from \$125,000 to \$130,000 annually until the bonds reach maturity. Annual coupon rates range from four percent to six percent per annum until maturity on 09/01/2037.

Resolution No. 2016–32 authorizes the City Manager to proceed if terms and conditions remain favorable to the City. Additional considerations include market conditions at the pricing date and overall lower costs to the city over the term of the bonds.

Market conditions at the pricing date: The Alaska Municipal Bond Bank has offered to refinance the bonds outstanding to the City at this time due to favorable market conditions. Pricing for the refinancing and issuance of bonds are scheduled to take place on October 18, 2016. Market conditions could change to reevaluate the refinancing of outstanding bonds, the issuance of additional bonds by the AMBB, or both. Should the market interest rates increase by 0.25 percent, the potential overall savings to the city would decrease to \$190,508. Industry standard savings for choosing to refinance outstanding bonds is three percent of the outstanding principle balance. The City's outstanding principal balance on the bonds eligible for refunding is currently \$1,745,000.

A market analysis was performed on August 10, 2016, to determine the market sensitivity and yield rates for the bond refunding. At this time, the bonds would receive a premium price of \$246,681.20 over par value, which results from the bonds being issued at higher-than-market interest rates. However, on the date of pricing, this premium could be lower. If the bonds were sold at par value or at a discount from par value, additional bonds would be required to meet the sources of funds required for refunding (Attachment C). Therefore, Resolution No. 2016–32 authorizes an increase in principal up to \$2,000,000.

The City of Kodiak would also incur costs of issuance due to refinancing in the amount of \$7,547.90, underwriter's discount costs in the amount of \$5,162.50, and costs recovered by the City at issuance that total \$983.86. These costs include the attorney's fees but would not include the costs of City employees to travel to Seattle, Washington for closing in November.

Overall cost savings: The City would recognize overall savings over the life of the bonds in the estimated amount of \$226,199 due to the lower debt service payments made each year. Per the current amortization schedules, debt service payments are approximately \$128,000 per year. These debt service payments include interest and principal based on the stated rates and will remain consistent each year until maturity. Under the terms of the refinancing, annual debt service payments would decrease on average \$10,000 to \$15,000 per year, resulting in annual debt service payments ranging from \$118,000 to \$108,000. The amortization schedules for current debt service requirements (Attachment D) and refunded debt service (Attachment E) provide annual debt service requirements and detailed amounts for each year under the bonds.

**ALTERNATIVES:** The Council has two alternatives for this request:

- 1) Adopt Resolution No. 2016–32 to authorize the City Manager to proceed if terms and conditions remain favorable to the City.
- 2) Do not adopt Resolution No. 2016–32 and do not proceed with refunding at this time. Annual debt service requirements, outstanding principal, and terms would remain the same.

**FINANCIAL IMPLICATIONS:** Due to the nature of the subject, financial implications have been noted throughout.

**LEGAL:** The City Attorney has worked closely with the Bond Bank and Finance Director on this process. The attorney wrote the resolution due to the financial complexity.

**STAFF RECOMMENDATION:** Staff recommends Council adopt Resolution No. 2016-32 to be prepared with a refunding option if pricing is favorable in October as outlined.

**CITY MANAGER'S COMMENTS:** This bond refunding or refinancing by the Bond Bank could result in savings to the City if the market remains favorable. As the Finance Director explained, the City could likely recognize savings on the Harbor debt by lowering debt service payments made each year. That could decrease debt payments on average \$10,000 - \$15,000 per year, saving a projected \$226,199 over the life of the bonds. Adopting the resolution will position the City to participate in the bond sale along with several other municipal governments if the market is favorable. Therefore, I recommend Council adopt Resolution No. 2016-32 and the other similar resolutions on this agenda dealing with bond refunding.

**ATTACHMENTS:**

Attachment A: Resolution No. 2016-32

Attachment B: Refunding Candidates and Potential Savings Resolution No. 2016-32

Attachment C: Harbor Bonds Resolution No. 2016-32

Attachment D: Harbor Bonds Series 2007 Resolution No. 2016-32

Attachment E: Harbor Bond Series 2007-5, Resolution No. 2016-32

**PROPOSED MOTION:**

Move to adopt Resolution No. 2016-32.

**CITY OF KODIAK  
RESOLUTION NUMBER 2016-32**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK  
AUTHORIZING THE ISSUANCE OF A SERIES OF HARBOR REVENUE  
REFUNDING BONDS IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED  
\$2,000,000 TO REFUND CERTAIN OUTSTANDING HARBOR REVENUE BONDS OF  
THE CITY, FIXING CERTAIN DETAILS OF SUCH BONDS AND AUTHORIZING  
THEIR SALE**

WHEREAS, the City of Kodiak (the "City") has authorized the issuance of harbor revenue bonds in one or more series pursuant to Resolution Number 07-30 adopted October 25, 2007 (the "Master Resolution"); and

WHEREAS, there are now outstanding Harbor Revenue Bonds, 2007A of the City maturing on September 1 in the years 2018 through 2037 in the aggregate principal amount of \$1,650,000 (the "2007 Bonds"), issued under the Master Resolution and Resolution Number 07-31 of the City; and

WHEREAS, the Council finds that it is in the best interest of the City to provide for the refunding, including the payment of principal of, and premium and interest on, those maturities of the 2007 Bonds (the "Refunded Bonds") whose refunding the City Manager or City Finance Director determines will produce the percentage debt service savings specified in this Series Resolution, by the issuance of harbor revenue refunding bonds (the "2016A Bonds") in the aggregate principal amount of not to exceed \$2,000,000; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter authorizes the City to borrow money and issue evidences of indebtedness therefor, the principal and interest of which are payable solely out of and the only security of which is the revenue of a revenue-producing utility or enterprise when authorized by the council for the acquisition, construction, reconstruction, repair, improvement, extension, enlargement, and/or equipment of the utility or enterprise; and

WHEREAS, Article VI, Section 3 of the Kodiak City Charter requires that revenue obligations of the City be ratified by a majority of the qualified voters of the City only so long as voter approval is required by state law, and under the constitution and statutes of the State of Alaska the City may issue revenue obligations without voter approval; and

WHEREAS, the Alaska Municipal Bond Bank and the City intend to enter into an Amendatory Loan Agreement, which amends the Loan Agreement dated as of December 1, 2007 (the "2007 Loan Agreement") between the Alaska Municipal Bond Bank and the City to provide for the refunding of the Refunded Bonds through their exchange for the 2016A Bonds and related matters; and

WHEREAS, the Council finds that it is necessary and appropriate to delegate to each of the City Manager and City Finance Director authority to determine the maturity amounts, interest

rates and other details of the 2016A Bonds, and to determine other matters that are not provided for in this resolution.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska:

Section 1. Definitions. The terms used in this Series Resolution which are defined in the Master Resolution shall have the meanings set forth in the Master Resolution. In addition the following terms shall have the following meanings in this Series Resolution:

"Amendatory Loan Agreement" means the Amendatory Loan Agreement between the City and the Bond Bank, amending the 2007 Loan Agreement to provide for the refunding of the Refunded Bonds through their exchange for the 2016A Bonds, and related matters.

"Bond Bank" means the Alaska Municipal Bond Bank, a public corporation of the State of Alaska.

"Bond Bank Bonds" means general obligation bonds issued by the Bond Bank to refund all or part of its outstanding General Obligation Bonds, 2007 Series Five.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, together with all regulations applicable thereto.

"Government Obligations" means obligations that are either (i) direct obligations of the United States of America or (ii) obligations of an agency or instrumentality of the United States of America the timely payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

"Loan Agreement" means the 2007 Loan Agreement as amended by the Amendatory Loan Agreement.

"2007 Loan Agreement" means the Loan Agreement dated as of December 1, 2007 between the Bond Bank and the City.

"2016A Bond Fund" means the Harbor Revenue Refunding Bond Fund, 2016A, established by Section 13 of this Series Resolution.

"2016A Bonds" means the City of Kodiak, Alaska, Harbor Revenue Refunding Bonds, 2016A authorized by this Series Resolution.

"2016A Debt Service Account" means the account of that name created in the 2016A Bond Fund by Section 13(a) of this Series Resolution.

"2016A Reserve Account" means the account of that name created in the 2016A Bond Fund by Section 13(b) of this Series Resolution.

"2016A Reserve Requirement" means an amount equal to the least of (i) Maximum Annual Debt Service with respect to the Outstanding 2016A Bonds; (ii) 125% of average Annual Debt Service with respect to the Outstanding 2016A Bonds; (iii) 10% of the initial principal amount of the 2016A Bonds; and (iv) any lesser amount that may be required from time to time under the Code for the exclusion of interest on the 2016A Bonds from gross income for federal income tax purposes.

Section 2. Authorization of 2016A Bonds and Purpose of Issuance. For the purpose of effecting the refunding by exchange of the Refunded Bonds in the manner set forth in this Series Resolution and the Amendatory Loan Agreement, to make any required deposit into the 2016A Reserve Account, and to pay all costs incidental thereto and to the issuance of the 2016A Bonds, the City hereby authorizes and determines to issue and sell as a series of Bonds under the Master Resolution the 2016A Bonds in the aggregate principal amount of not to exceed \$2,000,000.

Section 3. Obligation of 2016A Bonds. The 2016A Bonds shall be an obligation only of the 2016A Bond Fund and shall be payable and secured as provided herein and in the Master Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016A Bonds.

Section 4. Description of 2016A Bonds. The 2016A Bonds shall be designated "City of Kodiak, Alaska, Harbor Revenue Refunding Bonds, 2016A." The 2016A Bonds shall be in the denomination of \$5,000 or any integral multiple thereof, shall be numbered separately in the manner and with such additional designation as the Registrar deems necessary for purposes of identification, and may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the rules and regulations of any governmental authority or any usage or requirement of law with respect thereto.

The 2016A Bonds shall mature in one or more years commencing no earlier than 2017 and ending no later than 2037. The 2016A Bonds shall bear interest from their date, payable commencing on a date on or after December 1, 2016, and semi-annually thereafter in each year. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Subject to Section 2 and the remainder of this section, the dated date, the principal and interest payment dates, the record dates for interest payments, the aggregate principal amount, the principal amount of each maturity, and the interest rates on the 2016A Bonds shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 5. Optional Redemption. The 2016A Bonds, if any, subject to optional redemption by the City, the time or times when such Bonds are subject to optional redemption, the terms upon which such Bonds may be redeemed, and the redemption price or redemption prices for such 2016A Bonds, shall be determined at the time of execution of the Amendatory Loan Agreement under Section 17.

Section 6. Selection of 2016A Bonds for Redemption; Notice of Redemption.

(a) Selection of 2016A Bonds for Redemption. When the Bond Bank is the Registered Owner of the 2016A Bonds, the selection of 2016A Bonds to be redeemed shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, the selection of 2016A Bonds to be redeemed shall be made as provided in this subsection (a). If the City redeems at any one time fewer than all of the 2016A Bonds having the same maturity date, the particular 2016A Bonds or portions of 2016A Bonds of such maturity to be redeemed shall be selected by lot (or in such other manner determined by the Registrar) in increments of \$5,000. In the case of a 2016A Bond of a denomination greater than \$5,000, the City shall treat such 2016A Bond as representing such number of separate 2016A Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such 2016A Bond by \$5,000. In the event that only a portion of the principal amount of a 2016A Bond is redeemed, upon surrender of such 2016A Bond at the office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a 2016A Bond or Bonds of like maturity and interest rate in any of the denominations authorized herein.

(b) Notice of Redemption. When the Bond Bank is the Registered Owner of the 2016A Bonds, notice of any intended redemption of 2016A Bonds shall be given as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, notice of any intended redemption of 2016A Bonds shall be made as provided in this subsection (b). Notice of redemption shall be mailed not less than 30 nor more than 45 days prior to the date fixed for redemption by first class mail to the Registered Owners of the 2016A Bonds to be redeemed at their addresses as they appear on the Bond Register on the day the notice is mailed. Notice of redemption shall be deemed to have been given when the notice is mailed as herein provided, whether or not it is actually received by the Registered Owners. All notices of redemption shall be dated and shall state: (1) the redemption date; (2) the redemption price; (3) if fewer than all outstanding 2016A Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2016A Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such 2016A Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (5) the place where such 2016A Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the office of the Registrar.

Official notice of redemption having been given as aforesaid, 2016A Bonds or portions of 2016A Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, such 2016A Bonds or portions of 2016A Bonds shall cease to bear interest. Upon surrender of such 2016A Bonds for redemption in accordance with said notice, such 2016A Bonds shall be paid at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender of any 2016A Bond for partial redemption, there shall be prepared for the Registered Owner a new 2016A Bond or Bonds of the same maturity in the amount of the unpaid principal. All 2016A Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.



Each check or other transfer of funds issued to pay the redemption price of 2016A Bonds shall bear the CUSIP number, if any, identifying, by maturity, the 2016A Bonds being redeemed with the proceeds of such check or other transfer.

Section 7. Form of Bond. Each 2016A Bond shall be in substantially the following form, with such variations, omissions and insertions as may be required or permitted by this Series Resolution or the Master Resolution:

UNITED STATES OF AMERICA  
STATE OF ALASKA  
CITY OF KODIAK

NO. \_\_\_\_\_ \$ \_\_\_\_\_

HARBOR REVENUE REFUNDING BOND, 2016A

REGISTERED OWNER:

PRINCIPAL AMOUNT:

The City of Kodiak, a municipal corporation of the State of Alaska (the "City"), acknowledges itself indebted and for value received promises to pay (but only out of the sources mentioned herein) to the Registered Owner identified above, or its registered assigns, the principal amount shown above in the following installments on \_\_\_\_\_ 1 of each of the following years, and to pay interest on such installments from the date hereof, payable on \_\_\_\_\_ 1, 2016 and semiannually thereafter on the 1<sup>st</sup> days of \_\_\_\_\_ and \_\_\_\_\_ of each year, at the rates per annum as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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When this 2016A Bond is owned by the Alaska Municipal Bond Bank (the "Bond Bank"), payment of principal and interest shall be made as provided in the Loan Agreement between the Bond Bank and the City dated as of December 1, 2007, as amended (the "Loan Agreement"). When this 2016A Bond is not owned by the Bond Bank, installments of principal and interest on this 2016A Bond shall be paid by check or draft mailed by first class mail to the Registered Owner as of the close of business on the \_\_\_\_\_ day of the month \_\_\_\_\_ each installment payment date; provided that the final installment of principal and interest on this 2016A Bond shall be payable upon presentation and surrender of this 2016A Bond by the Registered Owner at the office of the Registrar. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Both principal of and interest on this 2016A Bond are payable in lawful money of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts.

Installments of principal of this 2016A Bond due on and after \_\_\_\_\_, 20\_\_, shall be subject to prepayment on and after \_\_\_\_\_, 20\_\_, at the option of the City (subject to any

applicable provisions of the Loan Agreement), in such principal amounts and from such maturities as the City may determine, and by lot within a maturity, at a redemption price equal to the principal amount to be prepaid, plus accrued interest to the date of prepayment.

This 2016A Bond is transferable as provided in the Series Resolution, (i) only upon the bond register of the City, and (ii) upon surrender of this 2016A Bond together with a written instrument of transfer duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, and thereupon a new fully registered 2016A Bond or Bonds in the same aggregate principal amount and maturity shall be issued to the transferee in exchange therefor as provided in the Series Resolution and upon the payment of charges, if any, as therein prescribed. The City may treat and consider the person in whose name this 2016A Bond is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price, if any, hereof and interest due hereon and for all other purposes whatsoever.

This 2016A Bond is a special obligation of the City and is one of a duly authorized issue of Bonds of the City designated "City of Kodiak, Alaska, Harbor Revenue Bonds" (the "Bonds"), issued and to be issued in various series under Resolution Number 07-30 (the "Master Resolution"), adopted October 25, 2007, and a Series Resolution authorizing each such series. As provided in the Master Resolution, the Bonds may be issued from time to time pursuant to Series Resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and, subject to the provisions thereof, may otherwise vary. The aggregate principal amount of Bonds which may be issued under the Master Resolution is not limited, and all Bonds issued and to be issued under said Master Resolution are and will be equally and ratably secured by the pledges and covenants made therein, except as otherwise expressly provided or permitted in the Master Resolution.

This 2016A Bond is one of a series of Bonds issued in the aggregate principal amount of \$ \_\_\_\_\_ under the Master Resolution and Resolution Number 2016-32 (the "Series Resolution"), adopted September \_\_, 2016, for the purpose of refunding certain harbor revenue bonds issued by the City.

This 2016A Bond shall be an obligation only of the 2016A Bond Fund and shall be payable and secured as provided in the Master Resolution and the Series Resolution. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the 2016A Bonds. The City has pledged to pay into the 2016A Bond Fund from Net Revenue or money in the Harbor Revenue Fund, on or prior to the respective dates on which the same become due, such amounts as are required to pay the interest and principal to become due on this 2016A Bond. Said amounts so pledged are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

IT IS HEREBY CERTIFIED and declared that this 2016A Bond is issued pursuant to and in strict compliance with the constitution or statutes of the State of Alaska and the home rule charter of the City, and that all acts, conditions and things required to happen, to be done, and to

be performed precedent to and on the issuance of this 2016A Bond have happened, been done and been performed.

IN WITNESS WHEREOF, THE CITY OF KODIAK, ALASKA, has caused this 2016A Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Mayor and its corporate seal (or a facsimile thereof) to be impressed or otherwise reproduced hereon and attested by the manual or facsimile signature of its Clerk, all as of the \_\_\_\_ day of \_\_\_\_\_ 2016.

CITY OF KODIAK

\_\_\_\_\_  
MAYOR

ATTEST:

\_\_\_\_\_  
CITY CLERK

[SEAL]

Section 8. Execution. The 2016A Bonds shall be executed in the name of the City by the manual or facsimile signature of the Mayor, and its corporate seal (or a facsimile thereof) shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Clerk. The execution of a 2016A Bond on behalf of the City by persons who at the time of the execution are duly authorized to hold the proper offices shall be valid and sufficient for all purposes, although any such person shall have ceased to hold office at the time of delivery of the 2016A Bond or shall not have held office on the date of the 2016A Bond.

Section 9. Payment of Principal and Interest. The 2016A Bonds shall be payable in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts. When the Bond Bank is the Registered Owner of the 2016A Bonds, payment of principal and interest on the 2016A Bonds shall be made as provided in the Loan Agreement. When the Bond Bank is not the Registered Owner of the 2016A Bonds, installments of principal and interest on the 2016A Bonds shall be paid by check mailed by first class mail to the Registered Owner as of the record date for the installment payment at the address appearing on the Bond Register; provided that the final installment of principal and interest on a 2016A Bond shall be payable upon presentation and surrender of the 2016A Bond by the Registered Owner at the office of the Registrar.

Section 10. Registration. The 2016A Bonds shall be issued only in registered form as to both principal and interest. The Registrar shall keep, or cause to be kept, the Bond Register at the principal office of the City. The City and the Registrar may treat the person in whose name any 2016A Bond shall be registered as the absolute owner of such 2016A Bond for all purposes,

whether or not the 2016A Bond shall be overdue, and all payments of principal of and interest on a 2016A Bond made to the Registered Owner thereof or upon its order shall be valid and effectual to satisfy and discharge the liability upon such 2016A Bond to the extent of the sum or sums so paid, and neither the City nor the Registrar shall be affected by any notice to the contrary.

Section 11. Transfer and Exchange. 2016A Bonds shall be transferred only upon the books for the registration and transfer of 2016A Bonds kept at the office of the Registrar. Upon surrender for transfer or exchange of any 2016A Bond at such office, with a written instrument of transfer or authorization for exchange in form and with guaranty of signature satisfactory to the Registrar, duly executed by the Registered Owner or the duly authorized attorney of the Registered Owner, the City shall execute and deliver an equal aggregate principal amount of 2016A Bonds of the same maturity of any authorized denominations, subject to such reasonable regulations as the City may prescribe and upon payment sufficient to reimburse it for any tax, fee or other governmental charge required to be paid in connection with such transfer or exchange. All 2016A Bonds surrendered for transfer or exchange shall be canceled by the Registrar.

Section 12. 2016A Bonds Mutilated, Destroyed, Stolen or Lost. Upon surrender to the Registrar of a mutilated 2016A Bond, the City shall execute and deliver a new 2016A Bond of like maturity and principal amount. Upon filing with the Registrar of evidence satisfactory to the City that a 2016A Bond has been destroyed, stolen or lost and of the ownership thereof, and upon furnishing the City with indemnity satisfactory to it, the City shall execute and deliver a new 2016A Bond of like maturity and principal amount. The person requesting the execution and delivery of a new 2016A Bond under this section shall comply with such other reasonable regulations as the City may prescribe and pay such expenses as the City may incur in connection therewith.

Section 13. 2016A Bond Fund. A special fund of the City designated the "Harbor Revenue Refunding Bond Fund, 2016A" is hereby created for the purpose of paying and securing the payment of the 2016A Bonds. The 2016A Bond Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the owners, from time to time, of the 2016A Bonds.

(a) 2016A Debt Service Account. A 2016A Debt Service Account is hereby created in the 2016A Bond Fund for the purpose of paying the principal of and interest on the 2016A Bonds. The City hereby irrevocably obligates and binds itself for as long as the 2016A Bonds remain Outstanding to set aside and pay into the 2016A Debt Service Account from Net Revenue or money in the Harbor Revenue Fund, on or prior to the respective dates on which the same become due (i) such amounts as are required to pay the interest scheduled to become due on the Outstanding 2016A Bonds, and (ii) such amounts as are required to pay maturing principal of the Outstanding 2016A Bonds.

(b) 2016A Reserve Account. A 2016A Reserve Account is hereby created in the 2016A Bond Fund for the purpose of securing the payment of the principal of and interest on the 2016A Bonds. On the date of issuance of the 2016A Bonds, the City shall deposit a sum in the 2016A Reserve Account that is equal to the 2016A Reserve Requirement. If a deficiency occurs in the

2016A Debt Service Account, an amount sufficient to make up the deficiency shall be withdrawn from the 2016A Reserve Account and transferred to the 2016A Debt Service Account. The City shall make up any deficiency in the 2016A Reserve Account resulting from such a withdrawal within one year out of Net Revenue or out of any other moneys legally available for such purpose, after providing for the payments required to be made into the 2016A Debt Service Account within such year.

Any amount in the 2016A Reserve Account in excess of the 2016A Reserve Requirement may be transferred to the 2016A Debt Service Account and used to pay the principal of and interest on the 2016A Bonds as the same becomes due and payable. Whenever there is a sufficient amount in the 2016A Bond Fund, including the 2016A Reserve Account and the 2016A Debt Service Account, to pay the principal of and interest on all Outstanding 2016A Bonds, the amount in the 2016A Reserve Account may be used to pay such principal and interest.

(c) Pledge and Lien. Said amounts so pledged to be paid into the 2016A Debt Service Account and the 2016A Reserve Account are hereby declared to be a lien and charge upon Gross Revenue superior to all other charges of any kind or nature whatsoever, except for Operating Expenses and except that the amounts so pledged are of equal lien to any lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Parity Bonds.

Section 14. Designation of Refunded Bonds. The City Manager and City Finance Director each is authorized to designate which, if any, maturities of the 2007 Bonds authorized to be refunded in this Series Resolution shall be refunded, provided that the refunding of the 2007 Bonds so designated shall realize a debt service savings in the aggregate of at least three percent of their principal amount, net of all issuance costs and underwriting discount, on a present value basis.

Section 15. Tax Covenants. The City covenants to comply with any and all applicable requirements set forth in the Code in effect from time to time to the extent that such compliance shall be necessary for the exclusion of the interest on the 2016A Bonds from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City covenants that it will make no use or investment of the proceeds of the 2016A Bonds which will cause the 2016A Bonds to be "arbitrage bonds" subject to federal income taxation by reason of Section 148 of the Code, and that it will not take or permit any action that would cause the 2016A Bonds to be "private activity bonds" as defined in Section 141 of the Code.

Section 16. Defeasance. In the event money and/or non-callable Government Obligations maturing at such times and bearing interest to be earned thereon in amounts sufficient to redeem and retire any or all of the 2016A Bonds in accordance with their terms are set aside in a special trust account to effect such redemption or retirement and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made to pay or secure the payment of the principal of and interest on such 2016A Bonds and such 2016A Bonds shall be deemed not to be Outstanding.

Section 17. Exchange of Bonds; Amendatory Loan Agreement. The 2016A Bonds shall be delivered to the Bond Bank in exchange for the Refunded Bonds. Subject to the limitations provided in Sections 2 and 4, each of the City Manager and City Finance Director is hereby authorized to determine the aggregate principal amount, maturity amounts, interest rates, yields, dated date, principal and interest payment dates, record dates for principal and interest payments, redemption terms, if any, for the 2016A Bonds, and other details of the 2016A Bonds; provided that: (i) the principal amount of each maturity of the 2016A Bonds shall not exceed the principal amount of the portion of the corresponding maturity of the Bond Bank Bonds that is allocated to the making of a loan to the City; and (ii) the interest rate on each maturity of the 2016A Bonds shall not exceed the interest rate on the corresponding maturity of the Bond Bank Bonds. Based upon the foregoing determinations, the City Manager and City Finance Director each is authorized to negotiate and execute the Amendatory Loan Agreement.

Section 18. Authority of Officers. The City Manager, the acting City Manager, the Finance Director, the acting Finance Director, the Clerk and the acting Clerk are, and each of them hereby is, authorized and directed to do and perform all things and determine all matters not determined by this Series Resolution, to the end that the City may carry out its obligations under the 2016A Bonds and this Series Resolution.

Section 19. Ongoing Disclosure. The City acknowledges that, under Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), the City may now or in the future be an "obligated person" with respect to the Bond Bank Bonds. In accordance with the Rule and as the Bond Bank may require, the City shall enter into a continuing disclosure agreement and undertake to provide certain annual financial information and operating data as shall be set forth in the Amendatory Loan Agreement.

Section 20. Miscellaneous.

(a) All payments made by the City of, or on account of, the principal of or interest on the 2016A Bonds shall be made on the several 2016A Bonds ratably and in proportion to the amount due thereon, respectively, for principal or interest as the case may be.

(b) No recourse shall be had for the payment of the principal of or the interest on the 2016A Bonds or for any claim based thereon or on the Master Resolution or this Series Resolution against any member of the Council or officer of the City or any person executing the 2016A Bonds. The 2016A Bonds are not and shall not be in any way a debt or liability of the State of Alaska or of any political subdivision thereof, except the City, and do not and shall not create or constitute an indebtedness or obligation, either legal, moral or otherwise, of said state or of any political subdivision thereof, except the City.

Section 21. Severability. If any one or more of the provisions of this Series Resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this Series Resolution and shall in no way affect the validity of the other provisions of this Series Resolution or of the 2016A Bonds.

Section 22. Effective Date. This Series Resolution shall become effective upon passage and approval.

ADOPTED by the City Council of the City of Kodiak, Alaska, this \_\_\_\_ day of September 2016.

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

**Alaska Municipal Bond Bank  
Refunding Candidates for GO 2016 Series Three & Four**

Borrower	Refunded Bonds			Refunding Results Under Current Market Conditions					Sensitivity Analysis	
	Series	Refunded Par	Call Date	PV Savings (\$)	PV Savings (%)	Annual Savings	Negative Arbitrage	Neg Arb as % of PV Savings	PV Savings at +25 bps (\$)	PV Savings at +25 bps (%)
1 City of Petersburg	2007-1	\$1,270,000	12/03/2016	\$126,344	9.9%	\$12,412	\$1,997	1.6%	\$111,054	8.7%
2 City of Nome	2007-1	\$665,000	12/03/2016	\$44,900	6.8%	\$8,237	\$1,045	2.3%	\$40,413	6.1%
3 Northwest Arctic Borough	2007-1	\$4,595,000	12/03/2016	\$327,962	7.1%	\$66,383	\$7,224	2.2%	\$296,834	6.5%
4 City of Seward	2007-1	\$1,075,000	12/03/2016	\$68,718	6.4%	\$11,116	\$1,690	2.5%	\$60,008	5.6%
5 City of Wasilla	2007-1	\$810,000	12/03/2016	\$37,946	4.7%	\$12,117	\$1,275	3.4%	\$34,622	4.3%
6 City and Borough of Sitka	2007-1	\$1,625,000	12/03/2016	\$74,183	4.6%	\$24,408	\$2,559	3.4%	\$67,567	4.2%
7 Aleutians East Borough	2007-2	\$19,445,000	12/03/2016	\$3,019,787	15.5%	\$263,960	\$30,590	1.0%	\$2,667,181	13.7%
8 Kenai Peninsula Borough	2007-2	\$2,945,000	12/03/2016	\$399,385	13.6%	\$53,305	\$4,631	1.2%	\$357,223	12.1%
9 City of Bethel	2007-3	\$2,295,000	09/01/2017	\$340,604	14.8%	\$38,379	\$31,417	9.2%	\$301,795	13.2%
10 City of Kodiak (Harbor)	2007-5	\$1,650,000	09/01/2017	\$226,199	13.7%	\$14,167	\$22,531	10.0%	\$190,508	11.5%
11 City of Kodiak (Lift)	2007-5	\$3,410,000	09/01/2017	\$465,071	13.6%	\$29,131	\$46,570	10.0%	\$392,575	11.5%
12 City of Dillingham	2008-1	\$9,190,000	04/01/2018	\$1,182,480	12.9%	\$114,961	\$200,254	16.9%	\$1,014,339	11.0%
13 City of Kodiak	2008-1	\$6,280,000	04/01/2018	\$994,288	15.8%	\$63,721	\$137,279	13.8%	\$851,234	13.6%
14 Kodiak Island Borough	2008-1	\$5,620,000	04/01/2018	\$606,991	10.8%	\$76,640	\$117,074	19.3%	\$517,816	9.2%
15 Municipality of Skagway	2008-2	\$3,060,000	06/01/2018	\$402,858	13.2%	\$39,591	\$73,789	18.3%	\$345,281	11.3%
16 City of Kodiak	2009-1	\$800,000	09/01/2018	\$157,405	19.7%	\$9,817	\$22,022	14.0%	\$137,429	17.2%
17 City and Borough of Juneau	CBJ 2006B	\$18,560,000	12/03/2016	\$1,408,586	7.6%	\$250,651	28,816.68	0.02	\$1,328,901	7.2%
18 City of Ketchikan (AMT)	2006-2	\$30,845,000	12/03/2016	\$5,505,387	17.8%	\$386,339	\$48,716	0.9%	\$4,874,710	15.9%
<b>Total Candidates</b>		<b>\$114,140,000</b>		<b>\$15,389,113</b>	<b>13.5%</b>		<b>\$779,480</b>	<b>5.1%</b>	<b>\$13,589,491</b>	<b>11.9%</b>

Borrower	# of Loans	Total Refunded
1 Aleutians East Borough	1	\$19,445,000
2 City and Borough of Sitka	1	\$1,625,000
3 City of Bethel	1	\$2,295,000
4 City of Dillingham	1	\$9,190,000
5 City of Ketchikan (AMT)	1	\$30,845,000
6 City of Kodiak	4	\$12,140,000
7 City of Nome	1	\$665,000
8 City of Petersburg	1	\$1,270,000
9 City of Seward	1	\$1,075,000
10 City of Wasilla	1	\$810,000
11 Kenai Peninsula Borough	1	\$2,945,000
12 Kodiak Island Borough	1	\$5,620,000
13 Municipality of Skagway	1	\$3,060,000
14 Northwest Arctic Borough	1	\$4,595,000
15 City and Borough of Juneau	1	\$18,560,000
<b>Totals</b>	<b>18</b>	<b>\$114,140,000</b>

Assumptions:  
Annual principal payments on December 1  
Closing on November 3, 2016  
Market conditions as of August 10, 2016

Refunds CBJ bonds



## SOURCES AND USES OF FUNDS

City of Kodiak -- Refund GO 2007-5 (Harbor)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016  
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Dated Date 11/03/2016  
 Delivery Date 11/03/2016

## Sources:

<b>Bond Proceeds:</b>	
Par Amount	1,475,000.00
Premium	246,681.20
	<u>1,721,681.20</u>
<b>Other Sources of Funds:</b>	
Prior Borrower Reserve Fund	129,581.25
	<u>1,851,262.45</u>

## Uses:

<b>Refunding Escrow Deposits:</b>	
Cash Deposit	0.19
SLGS Purchases	1,719,768.00
	<u>1,719,768.19</u>
<b>Other Fund Deposits:</b>	
Borrower Reserve Fund	117,800.00
<b>Cost of Issuance:</b>	
Fitch Rating	414.64
S&P Rating	414.64
AMBB Costs	276.42
Miscellaneous Printing, etc.	103.66
Trustee/Escrow Agent	38.70
AMBB FA	472.27
AMBB BC	2,266.91
Verification Agent	72.01
Borrower Costs of Issuance	3,488.65
	<u>7,547.90</u>
<b>Delivery Date Expenses:</b>	
Underwriter's Discount	5,162.50
<b>Other Uses of Funds:</b>	
Additional Proceeds	983.86
	<u>1,851,262.45</u>

Harbor Revenue Bonds, Series 2007A  
M&P Float Project

Fiscal Year	Date	Principal	Coupon	Interest	Total	Fiscal Yr. Total
2016	9/1/2015	45,000	6.00%	42,510.63	87,510.63	128,671.26
	3/1/2016			41,160.63	41,160.63	
FY 2016 not included in totals at the bottom; shown for FY 2016 purposes and not CP / LTP calcs						
2017	9/1/2016	45,000	6.00%	41,160.63	86,160.63	125,971.26
	3/1/2017			39,810.63	39,810.63	
2018	9/1/2017	50,000	6.00%	39,810.63	89,810.63	128,121.26
	3/1/2018			38,310.63	38,310.63	
2019	9/1/2018	50,000	6.00%	38,310.63	88,310.63	125,121.26
	3/1/2019			36,810.63	36,810.63	
2020	9/1/2019	55,000	4.00%	36,810.63	91,810.63	127,521.26
	3/1/2020			35,710.63	35,710.63	
2021	9/1/2020	55,000	4.125%	35,710.63	90,710.63	125,286.88
	3/1/2021			34,576.25	34,576.25	
2022	9/1/2021	60,000	4.25%	34,576.25	94,576.25	127,877.50
	3/1/2022			33,301.25	33,301.25	
2023	9/1/2022	60,000	4.30%	33,301.25	93,301.25	125,312.50
	3/1/2023			32,011.25	32,011.25	
2024	9/1/2023	65,000	4.40%	32,011.25	97,011.25	127,592.50
	3/1/2024			30,581.25	30,581.25	
2025	9/1/2024	65,000	4.50%	30,581.25	95,581.25	124,700.00
	3/1/2025			29,118.75	29,118.75	
2026	9/1/2025	70,000	4.50%	29,118.75	99,118.75	126,662.50
	3/1/2026			27,543.75	27,543.75	
2027	9/1/2026	75,000	4.50%	27,543.75	102,543.75	128,400.00
	3/1/2027			25,856.25	25,856.25	
2028	9/1/2027	75,000	4.625%	25,856.25	100,856.25	124,978.12
	3/1/2028			24,121.87	24,121.87	
2029	9/1/2028	80,000	4.625%	24,121.87	104,121.87	126,393.75
	3/1/2029			22,271.88	22,271.88	
2030	9/1/2029	85,000	4.625%	22,271.88	107,271.88	127,578.13
	3/1/2030			20,306.25	20,306.25	
2031	9/1/2030	90,000	4.75%	20,306.25	110,306.25	128,475.00
	3/1/2031			18,168.75	18,168.75	
2032	9/1/2031	95,000	4.75%	18,168.75	113,168.75	129,081.25
	3/1/2032			15,912.50	15,912.50	
2033	9/1/2032	100,000	4.75%	15,912.50	115,912.50	129,450.00
	3/1/2033			13,537.50	13,537.50	
2034	9/1/2033	105,000	4.75%	13,537.50	118,537.50	129,581.25
	3/1/2034			11,043.75	11,043.75	
2035	9/1/2034	105,000	4.75%	11,043.75	116,043.75	124,593.75
	3/1/2035			8,550.00	8,550.00	
2036	9/1/2035	115,000	4.75%	8,550.00	123,550.00	129,368.75
	3/1/2036			5,818.75	5,818.75	
2037	9/1/2036	120,000	4.75%	5,818.75	125,818.75	128,787.50
	3/1/2037			2,968.75	2,968.75	
2038	9/1/2037	125,000	4.75%	2,968.75	127,968.75	127,968.75
		<u>\$ 1,745,000</u>		<u>\$ 1,053,823.17</u>	<u>\$ 2,798,823.17</u>	<u>2,798,823.17</u>

## SAVINGS

City of Kodiak -- Refund GO 2007-5 (Harbor)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 2.9715510%
12/01/2016		5,156.67	-5,156.67		-5,144.85
03/01/2017	38,310.63		38,310.63		37,942.01
06/01/2017		33,150.00	-33,150.00		-32,589.82
06/30/2017				3.96	
09/01/2017	38,310.63		38,310.63		37,386.53
12/01/2017		33,150.00	-33,150.00		-32,112.70
03/01/2018	38,310.63		38,310.63		36,839.18
06/01/2018		33,150.00	-33,150.00		-31,642.56
06/30/2018				10,321.26	
09/01/2018	88,310.63		88,310.63		83,675.54
12/01/2018		73,150.00	-73,150.00		-68,801.40
03/01/2019	36,810.63		36,810.63		34,367.95
06/01/2019		32,550.00	-32,550.00		-30,166.77
06/30/2019				19,421.26	
09/01/2019	91,810.63		91,810.63		84,463.32
12/01/2019		82,550.00	-82,550.00		-75,385.82
03/01/2020	35,710.63		35,710.63		32,371.85
06/01/2020		31,550.00	-31,550.00		-28,390.09
06/30/2020				13,421.26	
09/01/2020	90,710.63		90,710.63		81,025.74
12/01/2020		81,550.00	-81,550.00		-72,307.98
03/01/2021	34,576.25		34,576.25		30,432.49
06/01/2021		30,550.00	-30,550.00		-26,691.21
06/30/2021				13,186.88	
09/01/2021	94,576.25		94,576.25		82,023.17
12/01/2021		85,550.00	-85,550.00		-73,649.86
03/01/2022	33,301.25		33,301.25		28,458.36
06/01/2022		29,450.00	-29,450.00		-24,982.28
06/30/2022				12,877.50	
09/01/2022	93,301.25		93,301.25		78,565.45
12/01/2022		84,450.00	-84,450.00		-70,589.68
03/01/2023	32,011.25		32,011.25		26,560.83
06/01/2023		28,075.00	-28,075.00		-23,123.64
06/30/2023				12,787.50	
09/01/2023	97,011.25		97,011.25		79,315.10
12/01/2023		88,075.00	-88,075.00		-71,479.89
03/01/2024	30,581.25		30,581.25		24,636.77
06/01/2024		26,575.00	-26,575.00		-21,251.97
06/30/2024				12,942.50	
09/01/2024	95,581.25		95,581.25		75,874.55
12/01/2024		86,575.00	-86,575.00		-68,220.26
03/01/2025	29,118.75		29,118.75		22,776.71
06/01/2025		25,075.00	-25,075.00		-19,469.58
06/30/2025				13,050.00	
09/01/2025	99,118.75		99,118.75		76,395.70
12/01/2025		90,075.00	-90,075.00		-68,915.16
03/01/2026	27,543.75		27,543.75		20,918.52
06/01/2026		23,450.00	-23,450.00		-17,678.61
06/30/2026				13,137.50	
09/01/2026	102,543.75		102,543.75		76,738.26
12/01/2026		93,450.00	-93,450.00		-69,419.18
03/01/2027	25,856.25		25,856.25		19,066.15
06/01/2027		21,700.00	-21,700.00		-15,883.81
06/30/2027				13,250.00	
09/01/2027	100,856.25		100,856.25		73,281.64
12/01/2027		91,700.00	-91,700.00		-66,139.23
03/01/2028	24,121.88		24,121.88		17,270.24
06/01/2028		19,950.00	-19,950.00		-14,178.41
06/30/2028				13,328.13	
09/01/2028	104,121.88		104,121.88		73,455.45
12/01/2028		94,950.00	-94,950.00		-66,492.77
03/01/2029	22,271.88		22,271.88		15,482.24
06/01/2029		18,075.00	-18,075.00		-12,472.47
06/30/2029				13,368.76	
09/01/2029	107,271.88		107,271.88		73,478.04
12/01/2029		93,075.00	-93,075.00		-63,285.20
03/01/2030	20,306.25		20,306.25		13,705.54
06/01/2030		16,575.00	-16,575.00		-11,104.97
06/30/2030				17,928.13	
09/01/2030	110,306.25		110,306.25		73,360.36
12/01/2030		96,575.00	-96,575.00		-63,756.35
03/01/2031	18,168.75		18,168.75		11,906.42
06/01/2031		14,975.00	-14,975.00		-9,741.38
06/30/2031				16,925.00	
09/01/2031	113,168.75		113,168.75		73,076.46
12/01/2031		99,975.00	-99,975.00		-64,082.55
03/01/2032	15,912.50		15,912.50		10,124.75
06/01/2032		13,275.00	-13,275.00		-8,384.51
06/30/2032				15,831.25	
09/01/2032	115,912.50		115,912.50		72,672.64
12/01/2032		103,275.00	-103,275.00		-64,273.69

SAVINGS

City of Kodiak -- Refund GO 2007-5 (Harbor)  
 Alaska Municipal Bond Bank  
 GO Bonds 2016 Series Three & Four  
 Market Conditions as of August 10, 2016

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2016 @ 2.9715510%
03-01/2033	13,537.50		13,537.50		8,363.23
06-01/2033		11,475.00	-11,475.00		-7,036.97
06-30/2033				14,700.00	
09-01/2033	118,537.50		118,537.50		72,158.26
12-01/2033		101,475.00	-101,475.00		-61,317.83
03-01/2034	11,043.75		11,043.75		6,624.33
06-01/2034		9,675.00	-9,675.00		-5,760.68
06-30/2034				18,431.25	
09-01/2034	116,043.75		116,043.75		68,586.98
12-01/2034		99,675.00	-99,675.00		-58,479.49
03-01/2035	8,550.00		8,550.00		4,979.44
06-01/2035		7,875.00	-7,875.00		-4,552.63
06-30/2035				17,043.75	
09-01/2035	123,550.00		123,550.00		70,901.00
12-01/2035		107,875.00	-107,875.00		-61,450.84
03-01/2036	5,818.75		5,818.75		3,290.29
06-01/2036		5,375.00	-5,375.00		-3,017.03
06-30/2036				16,118.75	
09-01/2036	125,818.75		125,818.75		70,104.29
12-01/2036		110,375.00	-110,375.00		-61,047.43
03-01/2037	2,968.75		2,968.75		1,629.93
06-01/2037		2,750.00	-2,750.00		-1,498.73
06-30/2037				15,662.50	
09-01/2037	127,968.75		127,968.75		69,229.76
12-01/2037		112,750.00	-112,750.00		-60,548.43
06-30/2038				15,218.75	
	2,659,662.56	2,350,706.67	308,955.89	308,955.89	236,996.77

Savings Summary

PV of savings from cash flow	236,996.77
Less: Prior funds on hand	-129,581.25
Plus: Refunding funds on hand	118,783.86
Net PV Savings	226,199.38

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers

**From:** Aimée Kniazowski, City Manager 

**Thru:** Mike Tvenge, Deputy City Manager 

**Date:** September 8, 2016

**Agenda Item:** V. e. **Resolution No. 2016–33, Appointing a Member to the Kodiak Fisheries Development Association**

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**SUMMARY:** The Joint City-Borough appointed board seat on the Kodiak Fisheries Development Association (KFDA) held by Stosh Anderson has expired. Mr. Anderson has requested reappointment to the currently held seat with a term of three years. The Borough Assembly is expected to approve this reappointment during the September 15, 2016, regular Assembly meeting. Staff recommends Council approve the reappointment of the joint board seat by adopting Resolution No. 2016–33.

**PREVIOUS COUNCIL ACTION:** The City Council makes appointments to the KFDA board by resolution.

- August 22, 2009, adopted Resolution No. 2009–22, appointing Linda Freed to a vacant joint City-Borough seat
- September 24, 2009, adopted Resolution No. 2009–26, appointing Albert Tyler Schmeil to a vacant joint City-Borough seat
- August 26, 2010, adopted Resolution No. 2010–25, reappointing Mike Woodruff to the City’s crab processor seat
- October 28, 2010, adopted Resolution No. 2010–28, reappointing Stosh Anderson to the joint City-Borough seat
- August 25, 2011, adopted Resolution No. 2011–29, reappointing Jeff Stephan to a City seat and Albert Tyler Schmeil to a joint City-Borough seat
- August 9, 2012, adopted Resolution No. 2012–23, reappointing Linda Freed to the joint City-Borough seat
- September 12, 2013, adopted Resolution No. 2013–26, reappointing Stosh Anderson and Mike Woodruff to the KFDA board
- August 28, 2014, adopted Resolution No. 2014–31, reappointing Linda Freed, Albert Tyler Schmeil and Jeff Stephan to the KFDA board

**DISCUSSION:** The Kodiak Fisheries Development Association was created jointly by the City of Kodiak and the Kodiak Island Borough in 2007 as the region’s eligible crab community entity (ECCE). The KFDA is made up of seven directors who serve staggered three-year terms: two appointed by the City, two appointed by the Borough, and three appointed jointly. The bylaws of the Kodiak Fisheries Development Association provide for appointment of Directors to the Board of the KFDA by the Kodiak City Council and the Kodiak Island Borough Assembly. The bylaws state in part, the Directors shall serve until their successors are appointed and qualified.

Mr. Stosh Anderson has submitted through the City Clerk’s office a request to be reappointed to the current joint appointee seat.

A City appointed Crab Processors Representative seat remains expired and unfilled.

**ALTERNATIVES:**

- 1) Adopt Resolution No. 2016–33, which is recommended by staff.
- 2) Delay or not adopt Resolution No. 2016–33, which is not recommended as the seat should be officially reappointed so the group has a quorum as they begin their annual ECCE work.

**FINANCIAL IMPLICATIONS:** N/A

**LEGAL:** N/A

**CITY MANAGER’S COMMENTS:** The term for this appointment has expired and the Director is willing to be reappointed. I recommend the City Council adopt this resolution to reappoint Stosh Anderson to another three year term on the Kodiak Fisheries Development Association.

**ATTACHMENTS:**

- Attachment A: Resolution No. 2016–33
- Attachment B: KFDA Member List

**PROPOSED MOTION:**

Move to adopt Resolution No. 2016–33.

**CITY OF KODIAK  
RESOLUTION NUMBER 2016-33**

**A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK APPOINTING A MEMBER TO THE KODIAK FISHERIES DEVELOPMENT ASSOCIATION**

WHEREAS, the North Pacific Fishery Management Council adopted the Bering Sea/Aleutian Islands Crab Rationalization Program as Amendments 18 and 19 to the Fishery Management Plan for Bering Sea/Aleutian Islands King and Tanner Crabs; and

WHEREAS, under the Program, Kodiak was designated as an eligible crab community (ECC) and in connection with such designation, the City of Kodiak and the Kodiak Island Borough have the authority to jointly exercise certain rights of first refusal (ROFR) with respect to processor quota shares (PQS) allocated under the Program; and

WHEREAS, to exercise the ECC ROFR, the City of Kodiak and the Kodiak Island Borough have jointly designated the Kodiak Fisheries Development Association (KFDA) as the region's eligible crab community entity (ECCE) having the authority to do so on their behalf; and

WHEREAS, the bylaws of the Kodiak Fisheries Development Association provide for appointment of Directors to the Board of the KFDA by the Kodiak City Council and the Kodiak Island Borough Assembly; and

WHEREAS, the bylaws of the KFDA state, in part, that Directors shall serve until their successors are appointed and qualified; and

WHEREAS, the terms for one joint appointee seat has expired; and

WHEREAS, Stosh Anderson has requested reappointment to the joint appointee seat on the KFDA board; and

WHEREAS, the Kodiak Island Borough is scheduled to reappoint Stosh Anderson at its September 15, 2016, regular meeting.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Kodiak, Alaska, that the following individual is appointed as a Director of the Kodiak Fisheries Development Association, with the noted term:

City Appointees

Crab Processor Rep. – Vacant

Crab Harvester Rep. – Jeff Stephan (7/17)

Joint Appointees



**Stosh Anderson (7/19) (joint appointment)**  
Linda Freed (7/17) (joint appointment)  
Albert Tyler Schmeil (7/17) (joint appointment)

Borough Appointees

Crab Processor Rep. – Tuck Bonney  
Crab Harvester Rep. – Jerry Bongen

CITY OF KODIAK

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MAYOR

ATTEST:

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CITY CLERK

Adopted:



## KODIAK ISLAND BOROUGH / CITY OF KODIAK

**KODIAK FISHERIES DEVELOPMENT ASSOCIATION  
BOARD OF DIRECTORS**


NAME	TERM	PHONE	EMAIL
<b>CITY APPOINTEES</b>			
<b>Crab Processors Representative</b>			
Vacant	7/2019		
<b>Crab Harvester Representative</b>			
Jeff Stephan	7/2017	486-4568	<a href="mailto:jstephan@ptialaska.net">jstephan@ptialaska.net</a>
<b>JOINT APPOINTEES</b>			
Stosh Anderson	7/2016	486-3673	<a href="mailto:stosh_a@hotmail.com">stosh_a@hotmail.com</a>
Linda Freed	7/2017	486-5314	<a href="mailto:freed@gci.net">freed@gci.net</a>
Albert Tyler Schmeil	7/2017	486-8587	<a href="mailto:tmschmeil@gci.net">tmschmeil@gci.net</a>
<b>BOROUGH APPOINTEES</b>			
<b>Crab Processors Representative</b>			
Tuck Bonney	7/2018	486-3329	<a href="mailto:tbonney@npsi.us">tbonney@npsi.us</a>
<b>Crab Harvester Representative</b>			
Jerry Bongen	7/2018	486-6245	<a href="mailto:jbongen@mac.com">jbongen@mac.com</a>

KFDA bylaws state: Directors shall be appointed by joint resolution of the Borough Assembly and City Council. Appointments shall take place annually at July meetings of the Borough Assembly and City Council. Directors shall have staggered three (3) year terms of office, assigned by a random selection method at the first Board meeting, such that as close as possible to one third (1/3) of the Board is up for appointment each year. Directors shall serve until their successors are appointed and qualified.

**STAFF:**

CITY MANAGER, AIMEE KNIAZIOWSKI      486-8640      [akniaziowski@city.kodiak.ak.us](mailto:akniaziowski@city.kodiak.ak.us)

OFFICE OF THE CITY MANAGER  
710 MILL BAY ROAD, ROOM 113  
KODIAK, AK 99615

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager   
**Thru:** Ronda Wallace, Chief of Police  
**Date:** September 8, 2016

**Agenda Item: V. f. Authorization of Vehicle Purchases for Kodiak Police Department**

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**SUMMARY:** This action authorizes the replacement of three older, high mileage police SUVs that were recommended for replacement with current model all wheel drive police interceptor utility vehicles in FY2017. The existing vehicles have been in service well beyond their useful life and were evaluated for replacement. The replacement is consistent with the Council's Vehicle Replacement Policy, and the need to replace the three police SUVs was discussed with Council during the FY2017 budget process. Staff recommends Council authorize the City to attach to the State of Alaska contract to purchase a new police K9 vehicle for \$30,000 and two police patrol vehicles for \$60,000 for a total of \$90,000 from Cal Worthington Ford.

**PREVIOUS COUNCIL ACTION:**

- The replacement meets the evaluation and purchasing requirements established by the City's Vehicle Replacement Policy adopted by Resolution No. 2011-07 on March 31, 2011.
- The Council was briefed on the status of all three Kodiak Police Department (KPD) SUVs as well as the recommendation to replace at the May 7, 2016, budget presentation meeting.
- Council authorized funds for the replacement of the animal control truck when the FY2017 budget was adopted.
- Council reviewed the request at the September 6, 2016, work session.

**DISCUSSION:** The Kodiak Police Department maintains a fleet of nine marked police vehicles, one animal control vehicle, and one community service van. These vehicles are equipped with safety equipment, radios, lights, and sirens. They provide transportation for the animal control officer and police services and are authorized for emergency response. Vehicle #23 (K9 police vehicle) is a 2006 Ford Expedition emergency response vehicle. This vehicle has in excess of 107,198 miles and has been in service with the department's fleet since it was purchased in 2006. As an emergency response vehicle, it has been used for routine and emergency patrol related duties. Based upon the programmed hours of the K9 officer, staff estimates Vehicle #23 accumulated a minimum of 80 engine hours per month since 2006, not including call outs and overtime worked by the K9 officer. The combined effects of age and mileage have contributed to issues ranging from corrosion to mechanical problems.

Vehicles #5 and #6 (both police patrol vehicles) were purchased in 2006 and 2007 as emergency response vehicles. Vehicle #5 has an excess of 135,000 miles and Vehicle #6 has an excess of 80,000 miles. As emergency response vehicles, they have been used for routine and emergency patrol related duties. Both Vehicle #5 and #6 were assigned to multiple officers working opposite shifts. Based upon the programmed hours of the patrol officers, staff estimates vehicles #5 and #6 accumulated a minimum of 160 engine hours per month since 2006 and 2007. Again, the combined effects of age and mileage have contributed to issues ranging from corrosion to mechanical problems.

The Kodiak Police Department fleet is evaluated by the Public Works Shop Supervisor (PWSS) annually. The PWSS performs an evaluation of vehicles using industry standards and criteria consistent with the City's vehicle replacement policy and makes recommendations about which vehicles can remain in service and which should be removed from service. The evaluation includes comprehensive physical inspection of the body, vehicle electronics, engine, transmission, frame and suspension. The PWSS also evaluates the economic benefit of replacing a vehicle or replacing or repairing damage to a vehicle.

The evaluation of Vehicle #23 (K9 vehicle), Vehicle #5 and Vehicle #6 (police patrol vehicles) revealed all three vehicles were suffering from the combined effects of age, mileage, engine hours, and Kodiak's harsh environment. All three vehicles received regular and emergency maintenance throughout their service lives.

An evaluation, conducted by the City Public Works Maintenance Shop Supervisor, calls for the replacement of all three vehicles in FY2017 as a cost effective means for the Police Department to maintain safe and mechanically reliable vehicles within its fleet.

The State of Alaska Department of Transportation and Public Facilities (DOT & PF), State Equipment Fleet (SEF) maintains contract with several light duty vehicle vendors in Alaska. Each vendor supplies pricing for basic vehicles with additional cost for added options. Cooperative purchasing is authorized on these contracts for qualified political subdivisions. The City of Kodiak is a qualified political subdivision, and Kodiak City Code (KCC) 3.12.070 (c) permits attachment to this contract.

Staff recommends the Council authorize the City to attach to the State of Alaska Light Duty Contract to purchase three current model years Ford all wheel drive police interceptor utility vehicles for \$90,000.

**ALTERNATIVES:**

- 1) Authorize the City to attach to the State of Alaska bid to purchase the identified vehicles. This is staff's recommendation, as it will enable KPD to replace one police K9 vehicle and two police patrol vehicles, which have been identified for replacement in FY2017.

2) Do not authorize this transaction. This alternative is not recommended, because it is not consistent with the City's Vehicle Replacement Policy, and would affect police operations, and be contrary to the interest of the City.

**FINANCIAL IMPLICATIONS:** There is sufficient funding in the FY2017 KPD budget to cover the purchase cost of all three vehicles.

**LEGAL:** Kodiak City Code section 3.12.070(c) allows the City to purchase items with other units of government that have established the lowest responsible bidder and where the equipment meets or exceeds the City's needs or specifications. This provision permits the City to attach to the State of Alaska's bid and purchase the police vehicles through the State of Alaska contract.

**STAFF RECOMMENDATION:** Staff recommends Council authorize attachment to the State of Alaska contract to purchase one K9 police vehicle for \$30,000, with funds coming from the FY2017 Kodiak Police Department operational budget, canine sub-department, machinery and equipment line item and two police patrol vehicles for \$30,000 each, with funds coming from the FY2017 Kodiak Police Department operational budget, uniformed patrol sub-department, machinery and equipment line item.

**CITY MANAGER'S COMMENTS:** The City does everything it can to extend the useful life of its rolling stock. Staff also continues to repair and work on vehicles to extend service lives beyond the standard or recommended timeframes as found in our Vehicle Replacement Policy. The funds were budgeted, the vehicles are not adequate for use as emergency response vehicles, and staff did the research to support the request as submitted. Therefore, I support attaching to the State of Alaska's bid from Cal Worthington Ford and ask for Council's approval to move forward with the purchase.

**ATTACHMENTS:**

Attachment A: CIP nomination forms for replacement of Vehicles #23, #5 and #6

Attachment B: Cal Worthington State of Alaska DOT contract pricing schedule

**PROPOSED MOTION:**

Move to authorize the City to attach to the State of Alaska Light Duty Contract with Cal Worthington Ford to purchase three current model year Ford all wheel drive police interceptor utility vehicles for a total of \$90,000, with funds for one vehicle coming from the FY2017 Kodiak Police Department Operation Budget, Police Canine Sub-Department Machinery and Equipment line item and two vehicles from the Uniformed Patrol Sub-Department Machinery and Equipment line item and authorize the City Manager to execute the documents for the City.

**CITY OF KODIAK**  
**FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM**  
**VEHICLE / EQUIPMENT REPLACEMENT NOMINATION**

1 of 2 pages

Costs are estimated at (check one)

- Less than \$10,000  
 Greater than \$10,000

The Following Signatures are required:

Vehicle Maint. Supervisor \_\_\_\_\_  
 Department Head: \_\_\_\_\_  
 City Manger: \_\_\_\_\_

This purchase is requested to be funded in Fiscal Year	Fiscal Year : 2017
Prepared by: Chief Ronda Wallace	Date: 03/18/2016
Department: Police	
Nomination Name: Replacement Vehicle Alpha	

REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)	
Unit ID Number	#5
Year – Make - Model	2006 Ford Expedition
Engine Size – Fuel Type	5.4 L 8 cylinder gasoline engine
Current Mileage	135,499
Body Condition	Rust present on body and frame
License Plate No.	XYB826
VIN or Serial Number	1FMPU16536LA64614

**FUNCTION: WRITE A BRIEF SUMMARY OF HOW THIS UNIT HAS BEEN USED AND HOW OFTEN.**

The Kodiak Police Department maintains a fleet of nine (9) marked police vehicles. These vehicles are equipped with safety equipment, radios, lights, sirens, provide transportation for police services, and are authorized for emergency response. Vehicle #5 is a 2006 Ford Expedition Special Services Vehicle. This vehicle has in excess of 135,000 miles and has been in service with the department's fleet as a shared patrol vehicle since it was purchased in 2006. As a shared patrol vehicle, it was assigned to at least two police officers on opposing shifts and utilized for routine and emergency patrol related duties. Operation driving periods ranged from 8 – 16 consecutive hours over multiple days.

**JUSTIFICATION: WRITE A BRIEF SUMMARY OF WHY THIS UNTI IS BEING REPLACED. INCLUDE ITEMS SUCH AS HISTORY, CONDITION ASSESSMENT, COSTS, USES, PUBLIC WORKS EVALUATION REPORT, ETC.**

**Overall Mechanical Condition:**

Vehicle #5 has over 135,000 miles of high demand police use. The body and frame show evidence of rust and corrosion. Engine and transmission require more than normal maintenance to remain in working condition and show numerous leaks between the engine and transmission. Major and minor components such as belts and window regulators have been replaced. Currently Vehicle #5 has numerous leaks.

**Maintenance Costs:**

The first available maintenance records for Vehicle #5 are dated from February 2010. Total maintenance costs for this vehicle is estimated at over \$4,100.

**Out of Service Time:**

This vehicle is currently in service, but its overall mechanical condition, age, engine mile and hours, coupled with the fact that this vehicle remains a shared patrol vehicle, is cause for great concern. Reliability is questionable.

**Parts Availability:**

Parts are still available for this model year.

**Associated Safety Issues:**

The rust and corrosion observed on this vehicle along with its overall mechanical condition make it unsuitable for continued use as a patrol vehicle. It is recommended by Public Works Mechanic Chris Dolph it be replaced.

**CITY OF KODIAK  
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM  
VEHICLE / EQUIPMENT REPLACEMENT NOMINATION  
2 of 2 pages**

Proposed Dispositions of Replaced Unit as Determined by Vehicle Maintenance Division (check one):

To General Fleet

To Surplus Sale

REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)	
Year – Make - Model	Current or new model year Ford Police Interceptor Utility
Engine Size – Fuel Type	304hp 3.7L TI-DOHC 24 valve V-6 engine with variable valve control
Number of Doors	Four
Seating Capacity	Four
Specialty Items	Police Package
Color , Police Package, Tires, Transmission, Etc.	White, Police Package, All-Wheel Drive Utility

REQUESTED NEW UNIT COSTS	
Basic Equipment Costs	\$30,000
Specialty Equipment Cost	\$11,950
Shipping Costs	\$250.00
<b>Total Costs</b>	<b>\$42,200</b>

**OPERATIONAL COSTS:**

Attach a detailed spreadsheet describing the last five years' annual costs to operate this unit, including fuel consumption, maintenance materials, AND maintenance labor. See attached evaluation sheet.



**CITY OF KODIAK**  
**FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM**  
**VEHICLE / EQUIPMENT REPLACEMENT NOMINATION**

1 of 2 pages

Costs are estimated at (check one)

- Less than \$10,000  
 Greater than \$10,000

The Following Signatures are required:

Vehicle Maint. Supervisor \_\_\_\_\_

Department Head: \_\_\_\_\_

City Manger: \_\_\_\_\_

This purchase is requested to be funded in Fiscal Year	Fiscal Year : 2017
Prepared by: Chief Ronda Wallace	Date: 03/18/2016
Department: Police	
Nomination Name: Replacement Vehicle Bravo	

REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)	
Unit ID Number	#6
Year – Make - Model	2007 Ford Expedition
Engine Size – Fuel Type	5.4 L 8 cylinder gasoline engine
Current Mileage	79,519
Body Condition	Rust present on body and frame
License Plate No.	XYC512
VIN or Serial Number	1FMPU16536LA64614

**FUNCTION: WRITE A BRIEF SUMMARY OF HOW THIS UNIT HAS BEEN USED AND HOW OFTEN.**

The Kodiak Police Department maintains a fleet of nine (9) marked police vehicles. These vehicles are equipped with safety equipment, radios, lights, sirens, provide transportation for police services, and are authorized for emergency response. Vehicle #6 is a 2007 Ford Expedition Special Services Vehicle. This vehicle has in excess of 80,000 miles and has been in service with the department's fleet as a shared patrol vehicle since it was purchased in 2007. As a shared patrol vehicle, it was assigned to at least two police officers on opposing shifts and utilized for routine and emergency patrol related duties. Operation driving periods ranged from 8 – 16 consecutive hours over multiple days.

**JUSTIFICATION: WRITE A BRIEF SUMMARY OF WHY THIS UNTI IS BEING REPLACED. INCLUDE ITEMS SUCH AS HISTORY, CONDITION ASSESSMENT, COSTS, USES, PUBLIC WORKS EVALUATION REPORT, ETC.**

**Overall Mechanical Condition:**

Vehicle #6 has over 80,000 miles of high demand police use. The body and frame show evidence of rust and corrosion. The engine has a leak by the transmission, al leak at the transfer case and a bad leak at the rear differential, requiring more than normal maintenance to remain in working condition. Major and minor components have been replaced. Currently Vehicle #6 has numerous leaks.

**Maintenance Costs:**

The first available maintenance records for Vehicle #6 are dated from February 2010. Total maintenance cost are unknown as the tracking did not begin until 2010.

**Out of Service Time:**

This vehicle is currently in service, but its overall mechanical condition, age, engine mile and hours, coupled with the fact that this vehicle remains a shared patrol vehicle, is cause for great concern. Reliability is questionable.

**Parts Availability:**

Parts are still available for this model year.

**Associated Safety Issues:**

The rust and corrosion observed on this vehicle along with its overall mechanical condition make it unsuitable for continued use as a patrol vehicle. It is recommended by Public Works Mechanic Chris Dolph it be replaced.

**CITY OF KODIAK  
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM  
VEHICLE / EQUIPMENT REPLACEMENT NOMINATION  
2 of 2 pages**

Proposed Dispositions of Replaced Unit as Determined by Vehicle Maintenance Division (check one):

To General Fleet

To Surplus Sale

REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)	
Year – Make - Model	Current or new model year Ford Police Interceptor Utility
Engine Size – Fuel Type	304hp 3.7 Ti-DOHC 24 valve V-6 engine with variable valve control
Number of Doors	Four
Seating Capacity	Four
Specialty Items	Police Package
Color , Police Package, Tires, Transmission, Etc.	White, Police Package, All-Wheel Drive Utility

REQUESTED NEW UNIT COSTS	
Basic Equipment Costs	\$30,000
Specialty Equipment Cost	\$11,950
Shipping Costs	\$250
<b>Total Costs</b>	<b>\$42,200</b>

**OPERATIONAL COSTS:**

Attach a detailed spreadsheet describing the last five years' annual costs to operate this unit, including fuel consumption, maintenance materials, AND maintenance labor. See attached evaluation sheet.

**CITY OF KODIAK**  
**FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM**  
**NEW VEHICLE / EQUIPMENT NOMINATION**  
**1 of 1 page**

Costs are estimated at (check one)

- Less than \$10,000  
 Greater than \$10,000

The Following Signatures are required:

Vehicle Maint. Supervisor \_\_\_\_\_  
 Department Head: \_\_\_\_\_  
 City Manger: \_\_\_\_\_

This purchase is requested to be funded in Fiscal Year	Fiscal Year
Prepared by:	Date:
Department:	
Nomination Name:	

REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)	
Year – Make - Model	
Engine Size – Fuel Type	
Number of Doors	
Seating Capacity	
Specialty Items	
Color , Police Package, Tires, Transmission, Etc.	

REQUESTED NEW UNIT COSTS		
Basic Equipment Costs	\$	
Specialty Equipment Cost	\$	
Shipping Costs	\$	
Total Costs	\$	

FUNCTION: WRITE A DESCRIPTION OF THE PROPOSED USE OF THE UNIT SPECIFICALLY STATING WHY NO UNIT CURRENTLY OWNED BY THE CITY IS SUITABLE FOR THE PROPOSED USE.

**OPERATIONAL COSTS:**

Attach a detailed spreadsheet describing the anticipated annual cost to operate the requested new unit, including fuel consumption, maintenance materials and maintenance labor.

**CITY OF KODIAK**  
**FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM**  
**VEHICLE / EQUIPMENT REPLACEMENT NOMINATION**  
**1 of 2 pages**

Costs are estimated at (check one)

- Less than \$10,000  
 Greater than \$10,000

The Following Signatures are required:

Vehicle Maint. Supervisor \_\_\_\_\_  
 Department Head: \_\_\_\_\_  
 City Manger: \_\_\_\_\_

This purchase is requested to be funded in Fiscal Year	Fiscal Year : 2017
Prepared by: Chief Ronda Wallace	Date: 03/30/2016
Department: Police	
Nomination Name: Replacement Vehicle Charlie	

REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)	
Unit ID Number	#23
Year – Make - Model	2006 Ford Expedition
Engine Size – Fuel Type	5.4 L 8 cylinder gasoline engine
Current Mileage	107,198
Body Condition	Rust present on body and frame
License Plate No.	XZB356
VIN or Serial Number	1FMPU16506LA82505

**FUNCTION: WRITE A BRIEF SUMMARY OF HOW THIS UNIT HAS BEEN USED AND HOW OFTEN.**

The Kodiak Police Department maintains a fleet of nine (9) marked police vehicles. These vehicles are equipped with safety equipment, radios, lights, sirens, provide transportation for police services, and are authorized for emergency response. Vehicle #23 is a 2006 Ford Expedition Special Services Vehicle. This vehicle has in excess of 107,000 miles and has been in service with the department's fleet since it was purchased in 2006 as the canine patrol vehicle. It was assigned to canine officer and has been utilized for routine and emergency patrol related duties. Operation driving periods ranged from 8 – 14 consecutive hours over multiple days.

**JUSTIFICATION: WRITE A BRIEF SUMMARY OF WHY THIS UNIT IS BEING REPLACED. INCLUDE ITEMS SUCH AS HISTORY, CONDITION ASSESSMENT, COSTS, USES, PUBLIC WORKS EVALUATION REPORT, ETC.**

**Overall Mechanical Condition:**

Vehicle #23 has over 107,000 miles of high demand police use. The body and frame show evidence of rust and corrosion. The engine and transmission have leaks, both catalytic converters have failed, the right wheel bearing is loose and needs replacing requiring more than normal maintenance to remain in working condition. It is recommended it be replaced to avoid reliability issues and excessive mian. Currently Vehicle #6 has numerous leaks.

**Out of Service Time:**

This vehicle is currently in service, but its overall mechanical condition, age, engine mile and hours, coupled with the fact that this vehicle remains a shared patrol vehicle, is cause for great concern. Reliability is questionable.

**Parts Availability:**

Parts are still available for this model year.

**Associated Safety Issues:**

The rust and corrosion observed on this vehicle along with its overall mechanical condition make it unsuitable for continued use as a patrol vehicle. It is recommended by Public Works Mechanic Chris Dolph it be replaced.

**CITY OF KODIAK  
FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM  
VEHICLE / EQUIPMENT REPLACEMENT NOMINATION  
2 of 2 pages**

**Proposed Dispositions of Replaced Unit as Determined by Vehicle Maintenance Division (check one):**

To General Fleet

To Surplus Sale

<b>REQUEST NEW UNIT DESCRIPTION (ATTACH PRICE QUOTES, DESCRIPTIONS, AND PHOTOS FROM THREE VENDORS)</b>	
<b>Year – Make - Model</b>	Current of new model year Ford Police Interceptor Utility
<b>Engine Size – Fuel Type</b>	304hp 3.7 Ti-DOHC 24 valve V-6 engine with variable valve control
<b>Number of Doors</b>	Four
<b>Seating Capacity</b>	Four
<b>Specialty Items</b>	Police Package
<b>Color , Police Package, Tires, Transmission, Etc.</b>	White, Police Package, All-Wheel Drive Utility

<b>REQUESTED NEW UNIT COSTS</b>	
<b>Basic Equipment Costs</b>	<b>\$30,000</b>
<b>Specialty Equipment Cost</b>	<b>\$11,950</b>
<b>Shipping Costs</b>	<b>\$250</b>
<b>Total Costs</b>	<b>\$42,200</b>

**OPERATIONAL COSTS:**

Attach a detailed spreadsheet describing the last five years' annual costs to operate this unit, including fuel consumption, maintenance materials, AND maintenance labor.

Revised

Purchase Order must be received before August 29, 2016 for Factory Order



**Cal Worthington Ford Fleet**  
431 Unga Street, Anchorage, Alaska, 99501  
Office: 907-793-8233

**\$30,000 Cost per unit as equipped**

Price is FOB Anchorage, Transportation to Kodiak arranged by customer  
Customer arranged additional aftermarket items with Alaska Safety  
DMV Fees not included  
(Reverse Sensing Option removed from order)

## Customer Proposal

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**Prepared for:**

DJ Clumpner  
Operations Division Commander Kodiak  
Police Department

**Prepared by:**

JEFFREY GOOD  
Office: 907-793-8233  
Email: jgood@calworthington.com

**Ship to:**

DJ Clumpner  
Operations Division Commander Kodiak  
Police Department  
Kodiak Police Department, 907-486-8000,  
Kodiak, AK

**Date:** 08/17/2016

**Vehicle:** 2017 Utility Police Interceptor Base  
AWD



Equipped as requested by Lt. DJ Clumpner, Operations Division Commander, Kodiak Police Department



## Selected Options

Code	Description
<b>Base Vehicle</b>	
K8A	Base Vehicle Price (K8A)
<b>Packages</b>	
500A	Order Code 500A
<b>Powertrain</b>	
99R	Engine: 3.7L V6 Ti-VCT FFV
44C	Transmission: 6-Speed Automatic
STDAX	3.65 Axle Ratio
STDGV	GVWR: 6,300 lbs
<b>Wheels &amp; Tires</b>	
STDTR	Tires: P245/55R18 AS BSW
STDWL	Wheels: 18" x 8" 5-Spoke Painted Black Steel <i>Includes center caps and full size spare.</i>
<b>Seats &amp; Seat Trim</b>	
9	Unique HD Cloth Front Bucket Seats w/Vinyl Rear <i>Includes driver 6-way power track (fore/aft up/down, tilt with manual recline, 2-way manual lumbar, passenger 2-way manual track (fore/aft with manual recline) and built-in steel intrusion plates in both front seatbacks.</i>
<b>Other Options</b>	
113WB	113" Wheelbase
PAINT	Monotone Paint Application
STDRD	Radio: MyFord AM/FM/CD/MP3 Capable <i>Includes clock, 6 speakers and 4.2" color LCD screen center-stack Smart Display.</i>
66A	Front Headlamp Lighting Solution <i>Includes base LED low beam/incandescent (halogen) high beam headlamp with high beam wig-wag function and (2) white rectangular LED side warning lights. Wiring and LED lights included. Controller not included.</i> <i>Includes:</i> <i>- Grille LED Lights, Siren &amp; Speaker Pre-Wiring</i>
66B	Tail Lamp Lighting Solution <i>Includes base LED lights plus (2) rear integrated hemispheric lighthead white LED side warning lights in taillamps. LED lights only. Wiring and controller not included.</i>
153	Front License Plate Bracket
43D	Dark Car Feature <i>Courtesy lamps disabled when any door is opened.</i>

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.



## Selected Options (cont'd)

Code	Description
17T	Red/White Dome Lamp in Cargo Area
60A	Grille LED Lights, Siren & Speaker Pre-Wiring
51Y	Driver Only Incandescent Spot Lamp
76D	Deflector Plate
87R	Rear View Camera <i>Note: This option would replace the camera that comes standard in the 4" center stack area. Camera can only be displayed in the 4" center stack (standard) OR the rear view mirror (87R).</i> <i>Includes:</i> <ul style="list-style-type: none"> <li>- Electrochromic Rear View Mirror</li> <li>Video is displayed in rear view mirror.</li> </ul>
53M	SYNC Basic (Voice-Activated Communications System) <i>Includes single USB port and single auxiliary audio input jack.</i>
68G	Rear-Door Handles Inoperable/Locks Inoperable
18W	Windows - Rear-Window Power Delete <i>Operable from front driver side switches.</i>
85D	Front Console Plate Delete
59B	Keyed Alike - 1284x
549	Heated Sideview Mirrors
<b>Fleet Options</b>	
41H	Engine Block Heater (Regional)
<b>Interior Colors</b>	
9W_01	Charcoal Black
<b>Primary Colors</b>	
YZ_02	Oxford White

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## Selected Equipment & Specs

### Dimensions

- \* Exterior length: 197.1"
- \* Exterior height: 69.2"
- \* Front track: 67.0"
- \* Turning radius: 19.4'
- \* Max ground clearance: 8.5"
- \* Rear legroom: 41.6"
- \* Rear headroom: 40.1"
- \* Rear hiproom: 56.8"
- \* Rear shoulder room: 60.9"
- \* Approach angle: 19.7 deg
- \* Cargo volume: 48.1cu.ft.
- \* Maximum cargo volume: 85.1cu.ft.
- \* Exterior width: 78.9"
- \* Wheelbase: 112.6"
- \* Rear track: 67.0"
- \* Min ground clearance: 6.5"
- \* Front legroom: 40.6"
- \* Front headroom: 41.4"
- \* Front hiproom: 57.3"
- \* Front shoulder room: 61.3"
- \* Passenger volume: 118.4cu.ft.
- \* Departure angle: 21.7 deg
- \* Cargo volume seats folded: 85.1cu.ft.

### Powertrain

- \* 304hp 3.7L DOHC 24 valve V-6 engine with variable valve control, SMPI
- \* ULEV II
- \* All-wheel drive
- \* Fuel Economy Highway: 21 mpg
- \* Recommended fuel : regular unleaded
- \* 6 speed automatic transmission with overdrive
- \* Fuel Economy City: 16 mpg
- \* Capless fuel filler

### Suspension/Handling

- \* Front independent strut suspension with anti-roll bar, gas-pressurized shocks
- \* Electric power-assist rack-pinion Steering
- \* P245/55WR18 BSW AS front and rear tires
- \* Rear independent multi-link suspension with anti-roll bar, gas-pressurized shocks
- \* Front and rear 18 x 8 black steel wheels

### Body Exterior

- \* 4 doors
- \* Black door mirrors
- \* Body-coloured bumpers
- \* Front and rear 18 x 8 wheels
- \* Driver and passenger power remote heated folding door mirrors
- \* Lip rear spoiler
- \* Clearcoat paint

### Convenience

- \* Manual air conditioning with air filter
- \* Power windows
- \* Driver and passenger 1-touch down
- \* Manual tilt steering wheel
- \* Power adjustable pedals
- \* 1 1st row LCD monitor
- \* Driver and passenger door bins
- \* Cruise control with steering wheel controls
- \* Driver and passenger 1-touch up
- \* Power door locks
- \* Day-night rearview mirror
- \* Wireless phone connectivity
- \* Dual visor mirrors

### Seats and Trim

- \* Seating capacity of 5
- \* 8-way 6-way power driver seat adjustment
- \* Power height adjustable driver seat
- \* 60-40 folding rear split-bench seat
- \* Metal-look instrument panel insert
- \* Front bucket seats
- \* Manual driver lumbar support
- \* 4-way passenger seat adjustment
- \* Cloth seat upholstery

### Entertainment Features

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.

Prepared for: DJ Clumpner, Operations Division Commander Kodiak Police Department  
By: JEFFREY GOOD Date: 08/17/2016 | Price Level: 725 Quote ID: K8AKODIAK



## Selected Equipment & Specs (cont'd)

- \* AM/FM stereo radio
- \* MP3 decoder
- \* SYNC external memory control
- \* 12 speakers
- \* Integrated roof antenna
- \* Single CD player
- \* Auxiliary audio input
- \* Steering wheel mounted radio controls
- \* Wireless streaming

### Lighting, Visibility and Instrumentation

- \* LED low beam aero-composite headlights
- \* Variable intermittent front windshield wipers
- \* Fixed interval rear windshield wiper
- \* Fixed rearmost windows
- \* Front and rear reading lights
- \* Camera(s) - rear with washer
- \* Trip computer
- \* LED brakelights
- \* Speed sensitive wipers
- \* Rear window defroster
- \* Deep tinted windows
- \* Tachometer
- \* Low tire pressure warning
- \* Trip odometer

### Safety and Security

- \* 4-wheel ABS brakes
- \* 4-wheel disc brakes
- \* ABS and driveline traction control
- \* Dual seat mounted side impact airbag supplemental restraint system
- \* Airbag supplemental restraint system occupancy sensor
- \* Manually adjustable front head restraints
- \* Brake assist with hill hold control
- \* AdvanceTrac w/Roll Stability Control electronic stability
- \* Dual front impact airbag supplemental restraint system
- \* Safety Canopy System curtain 1st and 2nd row overhead airbag supplemental restraint system
- \* Power door locks

### Dimensions

#### General Weights

Curb	4639 lbs.	GVWR	6300 lbs.
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#### General Trailering

Towing capacity	2000 lbs.	GCWR	7110 lbs.
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#### Fuel Tank type

Capacity	19 gal.	Capless fuel filler	Yes
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#### Off Road

Approach angle	20 deg	Departure angle	22 deg
Ramp breakover angle	16 deg	Min ground clearance	6"
Max ground clearance	8"	Load floor height	31"

#### Interior cargo

Cargo volume	48.1 cu.ft.	Cargo volume seats folded	85.1 cu.ft.
Maximum cargo volume	85.1 cu.ft.		

### Powertrain

#### Engine Type

Block material	Aluminum	Cylinders	V-6
Head material	Aluminum	Ignition	Electronic
Injection	Sequential MPI	Liters	3.7L
Orientation	Transverse	Recommended fuel	Regular unleaded
Valves per cylinder	4	Valvetrain	DOHC
Variable valve control	Yes		

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## Selected Equipment & Specs (cont'd)

<i>Engine Spec</i>			
Bore	3.76"	Compression ratio	10.8:1
Displacement	227 cu.in.	Stroke	3.41"
<i>Engine Power</i>			
Output	304 HP @ 6,500 RPM	Torque	279 ft.-lb @ 4,000 RPM
<i>Alternator</i>			
Type	HD	Amps	220
<i>Battery</i>			
Amp hours	78	Cold cranking amps	750
Type	HD		
<i>Engine Extras</i>			
Block heater	Yes	Oil cooler	Yes
Radiator	HD		
<i>Transmission</i>			
Electronic control	Yes	Lock-up	Yes
Overdrive	Yes	Speed	6
Type	Automatic		
<i>Transmission Gear Ratios</i>			
1st	4.484	2nd	2.872
3rd	1.842	4th	1.414
5th	1	6th	0.742
Reverse Gear ratios	2.882		
<i>Transmission Extras</i>			
Oil cooler	Regular duty		
<i>Drive Type</i>			
4wd type	Automatic full-time	Type	All-wheel drive
<i>Drive Feature</i>			
Traction control	ABS and driveline	Locking hub control	Permanent
<i>Drive Axle</i>			
Ratio	3.65		
<i>Exhaust</i>			
Material	Stainless steel	System type	Dual
<i>Emissions</i>			
CARB	ULEV II	EPA	Tier 2 Bin 5
<i>Fuel Economy</i>			
City	16 mpg	Highway	21 mpg
Fuel type	Gasoline		
<i>Fuel Economy (Alternate 1)</i>			
Fuel type	E85		
<i>Acceleration</i>			
0-60 mph (s)	6.54		

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.



## Selected Equipment & Specs (cont'd)

<i>1/4 Mile</i>				
Seconds	14.7	Speed		92 mph
<i>Skid Pad</i>				
Lateral acceleration (g)	0.8			
<i>Slalom</i>				
Speed	56 mph			
<b>Driveability</b>				
<i>Brakes</i>				
ABS	4-wheel	ABS channels		4
Type	4-wheel disc	Vented discs		Front
<i>Brake Assistance</i>				
Brake assist	Yes	Hill hold control		Yes
<i>Suspension Control</i>				
Ride	Regular	Electronic stability	Stability control with anti-roll	
<i>Front Suspension</i>				
Independence	Independent	Type		Strut
Anti-roll bar	Regular			
<i>Front Spring</i>				
Type	Coil	Grade		Regular
<i>Front Shocks</i>				
Type	Gas-pressurized			
<i>Rear Suspension</i>				
Independence	Independent	Type		Multi-link
Anti-roll bar	Regular			
<i>Rear Spring</i>				
Type	Coil	Grade		Regular
<i>Rear Shocks</i>				
Type	Gas-pressurized			
<i>Steering</i>				
Activation	Electric power-assist	Type		Rack-pinion
<i>Steering Specs</i>				
# of wheels	2			
<b>Exterior</b>				
<i>Front Wheels</i>				
Diameter	18"	Width		8.00"
<i>Rear Wheels</i>				
Diameter	18"	Width		8.00"
<i>Spare Wheels</i>				
Wheel material	Steel			

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.



## Selected Equipment & Specs (cont'd)

### Front and Rear Wheels

Appearance	Black	Material	Steel
Covers	Hub		

### Front Tires

Aspect	55	Diameter	18"
Sidewalls	BSW	Speed	W
Tread	AS	Type	P
Width	245mm		

### Rear Tires

Aspect	55	Diameter	18"
Sidewalls	BSW	Speed	W
Tread	AS	Type	P
Width	245mm		

### Spare Tire

Mount	Inside under cargo	Type	Full-size
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### Wheels

Front track	67.0"	Rear track	67.0"
Turning radius	19.4'	Wheelbase	112.6"

### Body Features

Front license plate bracket	Yes	Rear spoiler	Lip
Skid plate(s)	1	Body material	Galvanized steel/aluminum
Side impact beams	Yes		

### Body Doors

Door count	4	Left rear passenger	Conventional
Right rear passenger	Conventional	Rear cargo	Liftgate

### Exterior Dimensions

Length	197.1"	Body width	78.9"
Body height	69.2"	Axle to end of frame	46.5"
Rear door opening height	32.5"	Rear door opening width	46.6"

## Safety

### Airbags

Driver front-impact	Yes	Driver side-impact	Seat mounted
Occupancy sensor	Yes	Overhead Safety Canopy System	curtain 1st and 2nd row
Passenger front-impact	Yes	Passenger side-impact	Seat mounted

### Seatbelt

Rear centre 3 point	Yes	Height adjustable	Front
Pre-tensioners	Front	Pre-tensioners (#)	2

## Seating

### Passenger Capacity

Capacity	5
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### Front Seats

Split	Buckets	Type	Bucket
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Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.

Prepared for: DJ Clumpner, Operations Division Commander Kodiak Police Department  
By: JEFFREY GOOD Date: 08/17/2016 | Price Level: 725 Quote ID: K8AKODIAK



## Selected Equipment & Specs (cont'd)

<i>Driver Seat</i>			
Fore/aft	Power	Height adjustable	Power
Reclining	Manual	Way direction control	8
Lumbar support	Manual	Cushion tilt	Power
<i>Passenger seat</i>			
Fore/aft	Manual	Reclining	Manual
Way direction control	4		
<i>Front Head Restraint</i>			
Control	Manual	Type	Adjustable
<i>Rear Seats</i>			
Descriptor	Split-bench	Facing	Front
Folding	60-40	Folding position	Fold forward seatback
Type	Fixed		
<i>Front Seat Trim</i>			
Material	Cloth	Back material	Vinyl
<i>Rear Seat Trim Group</i>			
Material	Vinyl	Back material	Carpet
<b>Convenience</b>			
<i>AC And Heat Type</i>			
Air conditioning	Manual	Air filter	Yes
Underseat ducts	Yes		
<i>Audio System</i>			
CD	Single	CD location	In-dash
MP3 decoder	MP3 decoder	Auxiliary audio input	Yes
Radio	AM/FM stereo	Radio grade	Regular
Seek-scan	Yes	External memory control	SYNC
<i>Audio Speakers</i>			
Speaker type	Regular	Speakers	12
<i>Audio Controls</i>			
Speed sensitive volume	Yes	Steering wheel controls	Yes
Voice activation	Yes	Wireless streaming	Bluetooth yes
<i>Audio Antenna</i>			
Type	Integrated roof		
<i>LCD Monitors</i>			
1st row	1	Primary monitor size (inches)	4.2
<i>Cruise Control</i>			
Cruise control	With steering wheel controls		
<i>Remote Releases</i>			
Cargo access	Power		
<i>Convenience Features</i>			
Driver foot rest	Yes	Retained accessory power	Yes
12V DC power outlet	2	Adjustable pedals	Power

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.



## Selected Equipment & Specs (cont'd)

Wireless phone connectivity	Bluetooth		
<i>Door Lock Activation</i>			
Type	Power		
<i>Door Lock Type</i>			
Rear child safety	Manual	Tailgate/rear door lock	Included with power door locks
<i>Instrumentation Type</i>			
Display	Analog		
<i>Instrumentation Gauges</i>			
Tachometer	Yes	Engine temperature	Yes
Engine hour meter	Yes		
<i>Instrumentation Warnings</i>			
Oil pressure	Yes	Engine temperature	Yes
Battery	Yes	Lights on	Yes
Key	Yes	Low fuel	Yes
Low washer fluid	Yes	Door ajar	Yes
Trunk/liftgate ajar	Yes	Service interval	Yes
Brake fluid	Yes	Low tire pressure	Tire specific
<i>Instrumentation Displays</i>			
Clock	In-radio display	Systems monitor	Yes
Redundant digital speedometer	Yes	Camera(s) - rear	With washer
<i>Instrumentation Feature</i>			
PRND in IP	Yes	Trip computer	Yes
Trip odometer	Yes		
<i>Steering Wheel Type</i>			
Material	Urethane	Tilting	Manual
<i>Front Side Windows</i>			
Window 1st row activation	Power		
<i>Windows Rear Side</i>			
2nd row activation	Power	3rd row activation	Fixed
<i>Window Features</i>			
1-touch down	Driver and passenger	1-touch up	Driver and passenger
Tinted	Deep		
<i>Front Windshield</i>			
Wiper	Variable intermittent	Sun visor strip	Yes
Speed sensitive wipers	Yes		
<i>Rear Windshield</i>			
Wiper	Fixed interval	Heating	Wiper park
Defroster	Yes	Window	Fixed
<b>Interior</b>			
<i>Driver Visor</i>			
Mirror	Yes		

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.

Prepared for: DJ Clumpner, Operations Division Commander Kodiak Police Department  
By: JEFFREY GOOD Date: 08/17/2016 | Price Level: 725 Quote ID: K8AKODIAK



## Selected Equipment & Specs (cont'd)

<i>Passenger Visor</i>			
Mirror	Yes		
<i>Rear View Mirror</i>			
Day-night	Yes		
<i>Headliner</i>			
Coverage	Full	Material	Cloth
<i>Floor Trim</i>			
Coverage	Full	Covering	Vinyl/rubber
<i>Trim Feature</i>			
Instrument panel insert	Metal-look	Gear shift knob	Urethane
Door panel insert	Metal-look	Interior accents	Metal-look
<i>Lighting</i>			
Dome light type	Fade	Front reading	Yes
Rear reading	Yes	Variable IP lighting	Yes
<i>Overhead Console Storage</i>			
Storage	Yes	Type	Mini
<i>Storage</i>			
Driver door bin	Yes	Glove box	Locking
Passenger door bin	Yes	Dashboard	Yes
<i>Cargo Space Trim</i>			
Floor	Carpet	Trunk lid/rear cargo door	Plastic
<i>Cargo Space Feature</i>			
Tie downs	Yes	Light	Yes
Cargo tray/organizer	Yes		
<i>Legroom</i>			
Front	40.6"	Rear	41.6"
<i>Headroom</i>			
Front	41.4"	Rear	40.1"
<i>Hip Room</i>			
Front	57.3"	Rear	56.8"
<i>Shoulder Room</i>			
Front	61.3"	Rear	60.9"
<i>Interior Volume</i>			
Passenger volume	118.4 cu.ft.		

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.

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## Warranty - Standard Equipment & Specs

### Warranty

#### *Basic*

Distance	36000 miles	Months	36 months
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#### *Powertrain*

Distance	100000 miles	Months	60 months
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#### *Corrosion Perforation*

Distance	Unlimited miles	Months	60 months
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#### *Roadside Assistance*

Distance	60000 miles	Months	60 months
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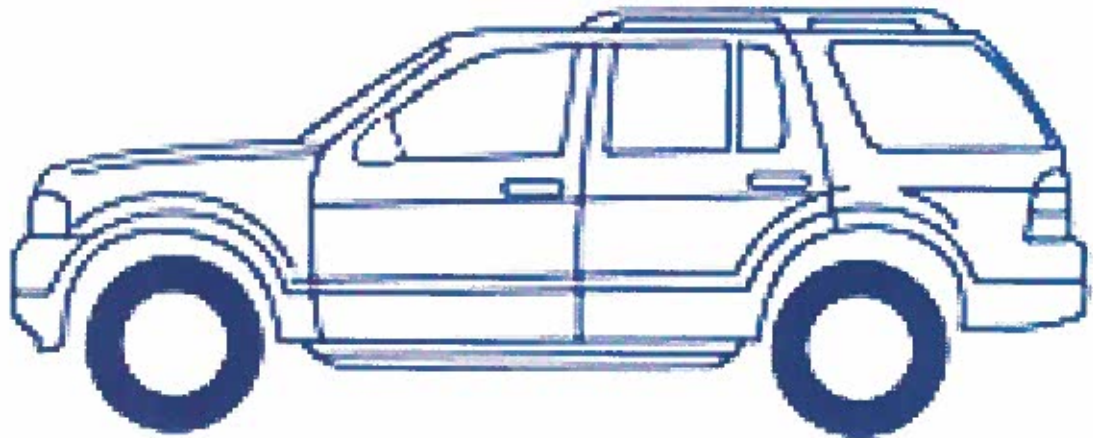
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## Performance

Performance predictions in this report represent an estimate of vehicle performance based on standard operating conditions. Variations in customer equipment, load configuration, ambient conditions, and/or operator driving techniques can cause significant variations in vehicle performance. These values are not representative of results that may be shown in actual dynamometer tests. This report should therefore be used as a guide for comparative vehicle performance.



### Light Duty

GVW	Totals
Cargo Weight	0 lbs
Occupants Weight	750 lbs
Payload Weight	750 lbs
Curb Weight (as configured)	4,639 lbs
TOTAL	5,389 lbs
GVWR	6,300 lbs

GCW	Totals
Adjusted GVW	5,389 lbs
Weight of trailer:	0 lbs
Weight of trailer cargo:	0 lbs
TOTAL	5,389 lbs
GCWR	7,110 lbs

Prices and content availability as shown are subject to change and should be treated as estimates only. Actual base vehicle, package and option pricing may vary from this estimate because of special local pricing, availability or pricing adjustments not reflected in the dealer's computer system. See salesperson for the most current information.



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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniazowski, City Manager   
**Thru:** Kelly Mayes, Finance Director   
**Date:** September 8, 2016

**Agenda Item:** V. g. **Authorization of Professional Services Contract for Investment Management and Advisory Services**

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**SUMMARY:** The City currently self-manages City investments. These are invested based on the investment policy within the City of Kodiak municipal code at the discretion of the Finance Director. The Finance Director presented an overview to the City Council on February 9, 2016, of the City's investments, investment policy, and returns on investments. The Finance Director suggested that an Investment Committee be formed to oversee the selection of an Investment Management and Advisory Company, and thus, monitor the performance of the company chosen. The Investment Committee performed a search through a Request for Proposal for Investment Management and Advisory Services and recommends Council authorize awarding a professional services contract for these services to Alaska Permanent Capital Management (APCM).

**PREVIOUS COUNCIL ACTION:**

- February 9, 2016, Council discussed City Investments, Investment Policy, and Return on Investments at the work session
- February 25, 2016, Council adopted Resolution No. 2016-09, Authorizing Formation of An Investment Committee, and Councilmember Charlie Davidson was appointed to the Investment Committee by the City Council at the regular meeting
- March 15, 2016, Council discussed the City's permissible investments and Investment Management and Advisory professional services during the work session
- March 17, 2016, Council passed Ordinance No. 1345 in the first reading and advanced to the second reading during the special meeting. Ordinance No. 1345 changed the investment powers from the Finance Director to the Investment Committee.
- April 14, 2016, Council adopted Ordinance No. 1345 and the effective date was May 20, 2016
- May 20, 2016, Investment Committee powers became effective

**DISCUSSION:** The Finance Director of the City of Kodiak has managed the City's investment portfolios for many years. Due to a slowly recovering economy, many investments are not providing substantial returns on investments.

The Finance Director has been researching information regarding Investment Management and Advisory Services. Due to the complexities of selecting an appropriate company to oversee the City's

investments, the Finance Director suggested a committee be formed for the selection, and periodic oversight, of the Investment Management and Advisory Company. The City Council agreed that additional solicitation and a formal RFP would provide a greater potential for earning higher returns on City investments. The City Council also suggested that an elected City Councilmember serve on the committee.

The investment committee met on June 8, 2016, to discuss the following: (1) review the draft Investment Management and Advisory services RFP; (2) Review the Investment Committee roles, objectives, and monitoring responsibilities, discuss timelines for the upcoming deadlines within the RFP; and select a date to review all submitted RFP responses. Based on this meeting, the City's RFP for Investment Management and Advisory services was released to the public on June 15, 2016. The deadline for response was August 1, 2016. The Investment Committee received nine proposals for Investment Management and Advisory professional services. These responders included the following listed alphabetically:

1. Alaska Permanent Capital Management
2. First National Bank of Alaska
3. First Southwest Asset Management
4. Garcia Hamilton and Associates
5. Government Portfolio Advisors
6. Meeder Investment Management
7. Oppenheimer Investment Management
8. Vanguard
9. Warren Averett Asset Management

On August 11, 2016, all proposals were copied for each Investment Committee member to review based on the qualifying criteria included in the RFP. Each committee member performed an independent review of each proposal and evaluated the proposal based on the City's qualifying criteria. The committee met on August 26 and reviewed each proposal as a group. The committee went through four phases of elimination.

#### Phase I

Phase I determined whether the committee believed the RFP responder's proposal sufficiently met the qualifying criteria and could advance to the next level. Qualifying criteria listed in the RFP included: Did the responder understand the City's overall investment program, investment objectives, and its unique constraints? Did the responder have the experience, resources, and qualifications within the firm and the individuals assigned to the account? Did the responder have experience in state and local government portfolios? Did the responder provide a recommended approach to the management of the portfolios? Did the responder's fees fall within a reasonable range?

Five proposals were eliminated and four proposals advanced to Phase II.

## Phase II

The committee reviewed the four remaining responders and made comments pertaining to each. The committee then listed the positive aspects and additional questions to be considered for each responder. One responder was eliminated because government portfolios within their firm were outsourced to another firm for investment management and advisory services and the fees. Another responder was eliminated due to limited experience (the firm has been open two years).

Two proposals were eliminated and two proposals advanced to Phase III.

## Phase III

The two remaining proposals were discussed by each committee member again. It was decided that the committee would have a conference call with the two finalists for final clarifying questions related to fees, return on investment, confidentiality clauses, custody of investment assets, and number of clients per their investment team.

## Phase IV

The investment committee held a conference call with each of the two finalists and asked the following questions: How many clients per team assigned to the City? How do our investment policies compare to other local governments? Can you describe your fee schedule? What do you see on the horizon for the City's return on investments? Additionally, a confidentiality clause and the City's investment policy were highlighted in the discussion to ensure the responder would be able to meet the City's legal requirements. One finalist was eliminated due to transferring custody of assets, the possibility of conflicts between the City's investment policy's permissible investments and the responder's internal investment policy, and fees. Based on the outcome of these conference calls, and responses to these questions, the Investment Committee voted on which professional services firm would best meet the City's needs.

## Investment Committee Recommendation:

### Alaska Permanent Capital Management

Alaska Permanent Capital Management has an extensive background with state and local government, and with Alaska municipalities. The individuals assigned to the City's account are also highly trained and have the appropriate qualifications and background. As all of the responders provide the appropriate information; APCM provided clear, concise responses and offered services such as assisting in developing the City's investment policy and advisory services based on the City's needs. In addition, during the Phase IV elimination conference calls, APCM answered each of the Committee's questions with ease and in layman terms that were easily understood.

**ALTERNATIVES:**

- 1) Authorize the contract, which is recommended.
- 2) Reject all proposals and perform another search for RFP. The City Staff and investment committee do not agree with this alternative and do not recommend it.

**FINANCIAL IMPLICATIONS:** There are no direct financial implications to authorizing the award of the contract at this time. The fees charged by APCM are calculated at 0.15 of 1 percent annually on the market value of the City's investments. APCM uses third party pricing service to determine market value.

**LEGAL:** The management firm's actions will be consistent with the City's investment policies. This was reviewed and discussed with the City Attorney. The attorney also reviewed the contract.

**STAFF RECOMMENDATION:** The City's newly formed investment committee and staff recommend Council approve entering into a professional services contract to provide investment management and advisory services with Alaska Permanent Capital Management.

**CITY MANAGER'S COMMENTS:** I am pleased we are finally at the point where we as an investment committee are able to recommend that Council award a professional services contract with Alaska Permanent Capital Management. We went through a vigorous process to develop the RFP, received nine proposals, took our time evaluating them, and came up with what I believe is the best firm to meet the City's needs. This firm is based in Alaska, provided a very good proposal with reasonable fees, and was open and responsive during our interview with them. This firm has a good reputation. It was founded by Dave Rose, the first executive director of Alaska's Permanent Fund. It serves primarily institutional clients (56 public entities/local governments, 15 foundations, and 29 Alaska Native corporations) and manages approximately \$3 billion in investments. I'm looking forward to developing a relationship with them and in watching them share their knowledge with us and the Council. I want to thank Finance Director Kelly Mayes for her hard work, knowledge, and organizational skills, so this plan could come together. I recommend Council authorize this agreement.

**ATTACHMENTS:**

Attachment A: Alaska Permanent Capital Management Contract No. 224984

**PROPOSED MOTION:**

Move to authorize professional services contract No. 224984 with Alaska Permanent Capital Management and authorize the City Manager to execute the documents on behalf of the City.

## PROFESSIONAL SERVICES AGREEMENT

**Dated:** \_\_\_\_\_

This Agreement between Alaska Permanent Capital Management, an Alaskan corporation (“Investment Manager”), and \_\_\_\_\_ the (“Client”), is made effective on \_\_\_\_\_. By this agreement, CLIENT retains INVESTMENT MANAGER to provide services to CLIENT on the following terms:

1. Services to the Client.

(a) This Agreement is for professional services to CLIENT. The INVESTMENT MANAGER shall perform the professional services described in Exhibit A, which is attached hereto and by reference made a part hereof.

(b) The INVESTMENT MANAGER shall at the INVESTMENT MANAGER’s own expense furnish to CLIENT a copy of all information requested by CLIENT for review of the INVESTMENT MANAGER’s services while in progress.

(c) CLIENT shall provide the INVESTMENT MANAGER access in a timely manner, to those records, personnel and other items necessary for the INVESTMENT MANAGER to perform the services described in Exhibit A.

2. Compensation.

(a) CLIENT shall compensate the INVESTMENT MANAGER for the services described in Exhibit B in the amounts and in the manner set forth in Exhibit B, which is attached to this agreement and by reference made a part hereof. The INVESTMENT MANAGER shall receive no other compensation in connection with the purchase, sale or exchange of any investment for CLIENT and will not accept, or knowingly permit any of its officer or employees or any member of their immediate families to accept any compensation, bonuses, commissions, rebates, discounts, gifts or any other thing of value from any other person or party in connection with any such purchase, sale or trade, provided that the receipt by the INVESTMENT MANAGER of research reports and materials or statistical data from a securities broker shall not be deemed to violate this provision.

(b) CLIENT understands that Account assets invested in mutual fund and/or ETF shares will incur internal mutual fund/ETF fees in addition to the advisory fees specified in



the Exhibit B. Additionally, CLIENT may bear transaction charges or commissions for transactions executed in the account.

### 3. General Provisions

(a) Independent Contractor. The INVESTMENT MANAGER is an independent contractor. The INVESTMENT MANAGER is neither an employee, partner, nor joint venture with CLIENT.

(b) No Assignment. The INVESTMENT MANAGER may neither assign this agreement or any rights thereunder nor delegate any of its duties without first obtaining consent of CLIENT.

(c) Insurance. The INVESTMENT MANAGER shall procure and maintain insurance coverage in such amounts as set forth in Exhibit B. The INVESTMENT MANAGER shall provide to CLIENT, upon request, certificates indicating such insurance is in effect. The insurance shall be in effect upon the date of execution of this agreement and shall be effective through the term of this agreement.

(d) Indemnity. To the fullest extent permitted by law, the INVESTMENT MANAGER shall indemnify, defend and hold harmless CLIENT from and against all claims, damages, losses, and expenses, including but not limited to attorneys' fees, caused in whole or in part by any failure of the INVESTMENT MANAGER to comply with fiduciary standards. Nothing herein shall in any way constitute a waiver or limitation of any rights which CLIENT may have under federal securities laws.

(e) Termination. This Agreement will continue in effect until terminated by either party by written notice to the other. Such termination shall be effected by personal delivery or by sending to the INVESTMENT MANAGER by certified mail, or other acceptable method of communication as specified in Section III (i) of this Agreement. Termination of this Agreement will not affect (i) the validity of any action previously taken by INVESTMENT MANAGER under this Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (iii) CLIENT'S obligation to pay advisory fees (pro-rated through the date of termination). On the termination of this Agreement, INVESTMENT MANAGER will have no obligation to recommend or take any action with regard to the securities, cash or other investments in the Account. In the event of such termination, CLIENT is entitled to a refund of any "unearned" portion of fees already paid, on a pro rata basis.

(f) Law and Venue. This Agreement will be governed by and construed in accordance with the laws of the State of Alaska without giving effect to any conflict or choice of law provisions of that State, provided that nothing in this Agreement will be construed in any manner inconsistent with the Advisers Act, any rule or order of the Securities and Exchange Commission under the Advisers Act and, if applicable to the Account, ERISA and any rule or order of the Department of Labor under ERISA. Venue for any legal proceeding relating to this contract shall be Anchorage, Alaska.

(g) Payment of Taxes. The INVESTMENT MANAGER shall not be responsible for the provision or payment of insurance, taxes or costs incurred by subcontractors or personnel not on the INVESTMENT MANAGER's payroll.

(h) Term. This agreement shall commence on \_\_\_\_\_, 20\_\_\_\_ and shall be subject to termination in accordance with Section III (e) of this Agreement.

(i) Notice. Any notices or other communications required or permitted by this agreement to be delivered to CLIENT or the INVESTMENT MANAGER shall be in writing and shall be considered delivered when personally delivered to the party to whom it is addressed, or in lieu of such personal delivery, when deposited in the United states mail, certified, postage prepaid, addressed to CLIENT or the INVESTMENT MANAGER at the address set forth below, or when the notice is successfully sent electronically through email addresses used during the regular course of business.

CLIENT

INVESTMENT MANAGER                      Alaska Permanent Capital Management Company  
900 West 5<sup>th</sup> Ave. Suite 601  
Anchorage, AK 99516

(j) Entire Agreement. This agreement constitutes the entire agreement between CLIENT and the INVESTMENT MANAGER. It supersedes all prior oral and written understanding and agreements. It shall bind CLIENT and the INVESTMENT MANAGER, its successors, executors, administrators, assigns and legal representatives.

(k) Benefits. Nothing contained in this agreement shall be construed to give any rights or benefits hereunder to anyone other than to CLIENT and to the INVESTMENT MANAGER.

(l) Consultants. CLIENT reserves the right to enter into separate agreements directly with any 3rd party for any services.

(m) INVESTMENT MANAGER Does Not Provide Legal or Accounting Advice. INVESTMENT MANAGER is not engaged in the practice of law or accounting. Information provided by INVESTMENT MANAGER concerning investment tax consequences does not constitute legal nor tax advice. It is CLIENT'S responsibility to retain, at CLIENT'S expense, legal and/or tax professionals as may be necessary to conduct CLIENT'S affairs. INVESTMENT MANAGER is not responsible for the payment of taxes. The CLIENT agrees that INVESTMENT MANAGER will not advise or act for CLIENT in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the Account or the issuers of these securities.

(n) Risk Acknowledgment. INVESTMENT MANAGER does not guarantee the future performance of the Account or any specific level of performance, the success of any investment decision or strategy that INVESTMENT MANAGER may use, or the success of INVESTMENT MANAGER'S overall management of the Account. CLIENT understands that investment decisions made for CLIENT'S Account by INVESTMENT MANAGER are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable. INVESTMENT MANAGER will manage only the securities, cash and other investments held in CLIENT'S Account and in making investment decisions for the Account, INVESTMENT MANAGER will not consider any other securities, cash or other investments owned by CLIENT. Except as may otherwise be provided by law, INVESTMENT MANAGER will not be liable to CLIENT for (i) any loss that CLIENT may suffer by reason of any investment decision made or other action taken or omitted in good faith by INVESTMENT MANAGER with that degree of care, skill, prudence, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; (ii) any loss arising from INVESTMENT MANAGER'S adherence to CLIENTS instructions; or (iii) any act or failure to act by the Custodian, any broker or dealer to which INVESTMENT MANAGER directs transactions for the Account, or by any other third party. The federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in this Agreement will waive or limit any rights that CLIENT may have under those laws.

#### 4. Form ADV II

CLIENT acknowledges that INVESTMENT MANAGER has provided a copy of Parts 2A and 2B for Form ADV as required by Rule 204-3 under the Investment Adviser's Act of 1940. CLIENT understands the investment approach, related risk factors, and the fees associated with investing.

#### 5. Client Authority

This Agreement will bind and be for the benefit of the parties to the Agreement and their successors and permitted assigns, except that this Agreement may not be assigned (within the meaning of the Advisers Act or applicable state securities laws) by either party without the consent of the other party. If CLIENT is an individual, CLIENT represents that he or she is of legal age. If CLIENT is a corporation, governmental entity, partnership or limited liability company, the person signing this Agreement for the CLIENT represents that he or she has been authorized to do so by appropriate action. If this Agreement is entered into by a trustee or other fiduciary, the trustee or fiduciary represents that INVESTMENT MANAGER'S investment management strategies, allocation procedures, and investment management services are authorized under the applicable plan, trust, or law and that the person signing this Agreement has the authority to negotiate and enter into this Agreement. CLIENT will inform INVESTMENT MANAGER of any event that might affect this authority or the propriety of this Agreement.

#### 6. Arbitration Clause

To the extent permitted by law, any controversy or dispute which may arise between CLIENT and INVESTMENT MANAGER concerning any transaction or the construction, performance or breach of this Agreement will be settled by arbitration. Any arbitration will be pursuant to the rules, then applying, of the American Arbitration Association, except to the extent set forth herein. The arbitration panel will consist of at least three individuals, with at least one panelist having knowledge of investment advisory activities. The parties agree that any arbitration proceeding pursuant to this provision will be held in a location as determined by the rules of the American Arbitration Association. The award of the arbitrators will be final and binding on the parties, and judgment upon the award rendered may be entered into in any court, state or federal, having jurisdiction. The parties are waiving their right to seek remedies in court, including the right to jury trial, except to the extent such a waiver would violate applicable law. Pre-arbitration discovery is generally more limited than and different from court proceedings. The arbitrators' award is not required to include factual findings or legal reasoning and any party's right to appeal or to seek modification of rulings by the arbitrators is strictly limited.

The agreement to arbitrate does not entitle CLIENT to obtain arbitration of claims that would be barred by the relevant statute of limitations if such claims were brought in a court of competent jurisdiction. If at the time a demand for arbitration is made or an election or notice of intention to arbitrate is served, the claims sought to be arbitrated would have been barred by the relevant statute of limitations or other time bar, any party to this agreement may assert the limitations as a bar to the arbitration by applying to any court of competent jurisdiction, and CLIENT expressly agrees that any issues relating to the application of a statute of limitations or other time bar, are referable to such a court. The failure to assert such bar by application to a court, however, will not preclude its assertion before the arbitrators. CLIENT understands that this agreement to arbitrate does not constitute a waiver of the right to seek a judicial forum where such waiver would be void under the federal securities law if more than one, all principals to the account must sign. If any signatory is a fiduciary, the capacity in which he or she is acting should be indicated.

By: \_\_\_\_\_

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

By: \_\_\_\_\_

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

**Alaska Permanent Capital Management Company**

By: \_\_\_\_\_

Evan D. Rose  
Chairman and CEO

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

## EXHIBIT A

The work which the INVESTMENT MANAGER is required to perform for this project consists of the following:

### 1. Appointment

CLIENT hereby appoints the INVESTMENT MANAGER as INVESTMENT MANAGER of all securities and cash placed in an appointed custody account for the CLIENT. The INVESTMENT MANAGER agrees to act in that capacity with regard to such securities and cash as a fiduciary, and upon the terms and conditions set forth in this agreement. The INVESTMENT MANAGER shall have full authority to make purchases and sales of securities for the account of CLIENT, subject to the provisions of Section 3 below.

### 2. Custody

Exclusive responsibility for the custody and safekeeping of the cash and securities under this Agreement shall remain with a custodian selected by CLIENT, hereafter referred to as "Custodian." INVESTMENT MANAGER will not have custody of any assets in the Account. CLIENT will be solely responsible for paying all fees or charges of the Custodian. CLIENT authorizes INVESTMENT MANAGER to give Custodian instructions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash or cash equivalent or other investment for the Account. CLIENT also authorizes and directs INVESTMENT MANAGER to instruct Custodian on CLIENT'S behalf to (a) send Client at least quarterly a statement showing all transactions occurring in the Account during the period covered by the Account statement, and the funds, securities and other property in the Account at the end of the period; and (b) provide INVESTMENT MANAGER copies of all periodic statements and other reports for the Account that Custodian sends to CLIENT. Pursuant to federal regulations, the Custodian will maintain and report tax related information to the Internal Revenue Service. CLIENT accepts responsibility for selecting the applicable tax methods with the Custodian.

The INVESTMENT MANAGER agrees to cooperate with CLIENT and the Custodian, including but not limited to:

- (a) Timely reporting of all transactional information to the Custodian;

(b) Reconciling security holdings and cash balances of the INVESTMENT MANAGER with similar data reported by the Custodian;

(c) Cooperating in the identification and remedy of failed transactions; and

(d) Responding in a timely manner to all reasonable requests for information by the Custodian.

### 3. Services to be Performed

The INVESTMENT MANAGER is responsible for providing investment services to CLIENT and other funds as may be designated by CLIENT. In this capacity, the INVESTMENT MANAGER shall invest and reinvest the cash and securities from time to time allocated to it hereunder and deposited in the account, without distinction between principal and interest. The INVESTMENT MANAGER shall act as CLIENT's fiduciary, and will discharge its duties with respect to the investments solely in the interest of CLIENT.

### 4. Investment Policy

The INVESTMENT MANAGER will manage and invest the assets in an appropriate and prudent manner in compliance with CLIENT's Investment Policy. The performance of the INVESTMENT MANAGER will be measured against fixed income and/or equity indexes as outlined in CLIENT's Investment Policy.

### 5. Authorization

The INVESTMENT MANAGER is hereby authorized to invest or reinvest or dispose of any cash, either U.S. or non-U.S., or securities held in the Account and invest the proceeds of any disposition in accordance with Section III above.

### 6. Brokerage and Commission

In carrying out its functions hereunder, the INVESTMENT MANAGER will use its best efforts to obtain prompt execution of orders at favorable prices reasonably obtainable and in doing so will consider a number of factors, including the overall direct net economic result to CLIENT, the financial strength and stability of the broker, the efficiency with which the transaction is effected, the ability to effect the transaction where a large block is involved, the availability of the broker to stand ready to execute possible difficult

transactions in the future and other matters involved in the receipt of “brokerage and research services” as defined in compliance with Section 28 (e) of the Securities Exchange Act of 1934, as amended and regulations thereunder.

#### 7. Rule of Prudence

In performing its services, the INVESTMENT MANAGER will follow the Prudent Investor Rule. When evaluating investments, the INVESTMENT MANAGER will give appropriate consideration to the 1) composition and diversification of the portfolio, 2) liquidity of the portfolio, and 3) projected return of the portfolio.

#### 8. Instructions

All instructions given by the INVESTMENT MANAGER to the Custodian shall be in an agreed upon format in either written or electronic form, submitted by an authorized representative of the INVESTMENT MANAGER; Fax, oral or email transmissions may be used when acceptable to both parties.

#### 9. Reports by the Investment Manager

The INVESTMENT MANAGER shall deliver to CLIENT, or any person or persons designated by CLIENT:

(a) Monthly statements are to be delivered to CLIENT within 15 calendar days following month end, and shall include:

(i) a listing of all cash and securities in the Account with market values in U.S. dollars as of the close of business on the last business day of each month;

(ii) a listing in chronological order of each purchase and sale transaction for the Account during the month;

(b) At a minimum, quarterly statements with investment performance

(c) Appearances. The INVESTMENT MANAGER will make a presentation to CLIENT at least annually and will be available to make additional presentations as mutually agreeable.

(d) Representation of the INVESTMENT MANAGER. The INVESTMENT MANAGER represents and warrants:



(i) that it is an “investment advisor” as defined in the Investment Advisors Act of 1940, as amended;

(ii) that it has completed, obtained and performed all registrations, filings and approvals, authorizations, consents or examinations required by any government or governmental authority for acts contemplated by this Contract

#### 10. Inspection

CLIENT may, at reasonable times, inspect the INVESTMENT MANAGER’s facilities and activities that are related to the performance of this contract, and audit the INVESTMENT MANAGER’s services.

#### 11. Other Investment Accounts

CLIENT understands that INVESTMENT MANAGER serves as investment manager for other clients and will continue to do so. CLIENT also understands that INVESTMENT MANAGER, its personnel and affiliates may give advice or take action in performing their duties to other clients, or for their own accounts, that differ from advice given to or action taken for CLIENT. INVESTMENT MANAGER is not obligated to buy, sell or recommend for CLIENT any security or other investment that Adviser, its personnel or affiliates may buy, sell or recommend for any other client or for their own accounts. This Agreement does not limit or restrict in any way INVESTMENT MANAGER or any of its personnel or affiliates from buying, selling or trading in any securities or other investments for their own accounts.

#### 12. Retirement or Employee Benefit Plan Accounts

This Section applies if the Account is for a (a) pension or other employee benefit plan (including a 401(k) plan) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”); (b) tax-qualified retirement plan (including a Keogh plan) under section 401(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and not covered by ERISA; or (c) an individual retirement account (“IRA”) under Section 408 of the Code.

If the Account is for a plan subject to ERISA, Client appoints Adviser, and Adviser accepts its appointment, as an “investment manager” for purposes of ERISA and the Code, and Adviser acknowledges that it is a “fiduciary” within the meaning of Section 3(21) of ERISA and Section 4975(e)(3) of the Code (but only with respect to the provision of services described in Section 1 of this Agreement). Adviser represents that it is registered

as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

CLIENT represents that INVESTMENT MANAGER has been furnished true and complete copies of all documents establishing and governing the plan and evidencing CLIENT’S authority to retain INVESTMENT MANAGER. CLIENT will furnish promptly to INVESTMENT MANAGER any amendments to the plan, and CLIENT agrees that, if any amendment affects the rights or obligations of INVESTMENT MANAGER, such amendment will be binding on INVESTMENT MANAGER only when agreed to by INVESTMENT MANAGER in writing. If the Account contains only a part of the assets of the plan, CLIENT understands that INVESTMENT MANAGER will have no responsibility for the diversification of all of the plan’s investments, and that INVESTMENT MANAGER will have no duty, responsibility or liability for CLIENT assets that are not in the Account. If ERISA or other applicable law requires bonding with respect to the assets in the Account, CLIENT will obtain and maintain at its expense bonding that satisfies this requirement and covers INVESTMENT MANAGER and its Affiliated Persons.

### 13. Miscellaneous

The headings in this Contract are for convenience only and shall not expand, limit or otherwise affect the meaning hereof. The Contract may be executed in any number of counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

### 14. Proxy Voting

As a matter of policy and as a fiduciary to our clients, we vote proxies for portfolio securities consistent with the best economic interests of the Client. We vote proxies for debt instruments and, with some exceptions, exchange-traded funds and mutual funds. We do not vote proxies for individual equities. Individual equities are held in a client’s account as an accommodation to the client and are not part of our overall management strategy or an appropriate focus for research. Clients are hereby notified that we do not vote these proxies and that we will arrange for Client to receive these proxies directly. If the Account is for a pension or other employee benefit plan governed by ERISA, Client directs Adviser not to vote proxies for securities held in the Account because the right to vote such proxies has been expressly reserved for either the plan’s trustees, or a named fiduciary.

Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies, disclose any potential conflicts of interest, and make information related to proxies available to clients. The term proxy as used here includes corporate actions and tender offers for debt instruments.

EXHIBIT B

1. Compensation

CLIENT shall pay to the INVESTMENT MANAGER as compensation for services the INVESTMENT MANAGER rendered in accordance with the terms of this agreement as follows:

0.15 of 1% annually on market value of assets under management.

Payable monthly, in arrears, and based on the month-end account market value, which includes accrued interest and dividends. The INVESTMENT MANAGER utilizes a third party pricing service to determine market value.

2. Manner of Payment

CLIENT shall make payments to the INVESTMENT MANAGER as follows: The INVESTMENT MANAGER shall submit monthly invoices for services rendered. The invoice shall itemize the manner in which the billing is calculated. Payment will be made by CLIENT by check, electronic payment or by authorizing the CUSTODIAN to direct payment to the INVESTMENT MANAGER, at the CLIENT's discretion.

3. Insurance

The INVESTMENT MANAGER shall maintain the following insurance in accordance with Paragraph III (c) of this Agreement:

	LIMIT
(a) Professional Liability	\$5,000,000 aggregate
(b) General Liability	\$2,000,000 general aggregate
(c) Statutory Worker's Compensation Protection	\$1,000,000 each accident

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## MEMORANDUM TO COUNCIL

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**To:** Mayor Branson and City Councilmembers  
**From:** Aimée Kniaziowski, City Manager  
**Date:** September 8, 2016

**Agenda Item: V. h. Appointment to Parks and Recreation Advisory Board**

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**SUMMARY:** The Parks and Recreation's ex-officio advisory board seat for the US Coast Guard (USCG) position is vacant. The Parks and Recreation Director received a letter of endorsement for an interested individual from the USCG Commanding Officer at Base Kodiak on August 8, 2016. This board appointment is made by the Mayor and confirmed by the Council. The term for the Parks and Recreation Advisory Board ex-officio position is set at the time of appointment. The USCG position requires a letter of endorsement from the USCG Commanding Officer. That letter is included (Attachment A). At Tuesday's work session, Mayor Branson and Councilmembers reviewed Captain Westling's recommendation letter.

**DISCUSSION:** Advisory board members are appointed at the end of each year when terms expire and throughout the year as necessary.

*{Mayor Branson will make her appointment to the Parks and Recreation Advisory Board and identify the length of term.}*

**Parks and Recreation Advisory Board** *Four regular members shall be residents within the Kodiak City limits, and three regular members shall be residents from inside or outside the Kodiak City limits. USCG and Student terms are set at appointment.*

1 ex-officio student seat, filled. Term ends December 31, 2016

1 ex-officio USCG seat, vacant

Applicant(s):

LCDR Kyle Ensley, ex-officio USCG seat

### **ATTACHMENTS:**

Attachment A: Letter of endorsement for LCDR Ensley from USCG Base Commander Westling

Attachment B: Parks and Recreation Advisory Board Current Member List

### **PROPOSED MOTION:**

Move to confirm the Mayoral advisory board appointment and term to the Parks and Recreation Advisory Board as stated.

U.S. Department of  
Homeland Security

United States  
Coast Guard



Commanding Officer  
United States Coast Guard  
Base Kodiak

P. O. Box 195025  
Kodiak, Alaska 99619-5000  
Staff Symbol: f  
Phone: (907) 487-5760  
Fax: (907) 487-5334

5740

AUG 08 2016

Kodiak Parks and Recreation  
Ann: Mr. Corey Gronn  
410 Cedar Street  
Kodiak, AK

Dear Mr. Gronn:

On behalf of the Coast Guard and "Team Kodiak," I highly recommend Lieutenant Commander Kyle L. Ensley to be the Coast Guard's Appointed Representative for the Kodiak Parks and Recreation Advisory Board. Lieutenant Commander Ensley was recently assigned to Kodiak and can provide continuity to the position for the next three years. Lieutenant Commander Ensley's background as a facility manager with diverse community experience, gained through several assignments over his 10 year career, will provide invaluable input to the board. Additionally, having lived in Kodiak previously as a junior officer, and now having returned with a young family he is familiar with all Kodiak has to offer and has a vested interest in the success of the Kodiak Parks and Recreation Department.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. C. Westling".

J. C. WESTLING  
Captain, U. S. Coast Guard  
Commanding Officer



## Office of the City Clerk

710 Mill Bay Road, Room 219, Kodiak, Alaska 99615

### PARKS AND RECREATION ADVISORY BOARD

Nine members (including two alternates) from the community chosen to reflect cultural and ethnic diversity, one USCG representative, and one student seat. Four regular members shall be residents within the Kodiak City limits, and three regular members shall be residents from inside or outside the Kodiak City limits.

TERM	BOARDMEMBER	HOME	WORK	FAX	MAILING ADDRESS	City/KIB
2018	John Butler jbjhs@ptialaska.net	486-4604	486-3706	486-2497	PO Box 2610	B
2018	Helm Johnson helm@helmarts.com	539-5014	539-5014	866-510-1563	PO Box 261	C
2018	William McGuire bmcguire01@kibsd.org	406-799-1966			1524 Ismailov St.	C
2016	Jessica Horn hikeodg@gmail.com	487-2718	942-0441		665 Sargent Creek Rd.	B
2016	Marcus Dunbar mdunbar01@kibsd.org	486-0809	481-2214		1477 Selief Lane	C
2016	Natasha Hayden natashab@gci.net	486-5922	512-0519		305 Neva Way	B
2016	Ryan Murdock boneyardsurfing@gmail.com	952-1072	486-2316		3272 Mill Bay Rd.	C
2016 Alternate 1	John Glover jtgloverkodiak@gmail.com	486-2335	539-7004		521 Sut Larsen Way	N/A
2016 Alternate 2	Davis Lowery bravesolutions@icloud.com	321-231-9394	486-2501		4286 Parkside Dr.	N/A
USCG	Vacant					N/A
Student 2016	Erica Kostelecky ericakostelecky@gmail.com	486-9446			PO Box 2383	N/A

Regular terms expire December 31 (three-year terms)

Alternate terms expire December 31 (one-year terms)

USCG & Student terms set at appointment

#### Legislation

Resolution Number 03–84  
 Resolution Number 44–86  
 Resolution Number 2000–4, 01/27/00  
 Resolution Number 01–7, 02/22/01  
 Resolution Number 04–25, 07/08/04  
 Resolution Number 2011–23, 08/25/2011

**[Clerk's Note: The alternates do not make motions or vote unless regular member(s) are absent.]**

#### Appointments

01/12/84	02/26/84	12/13/84
01/10/85	06/13/85	12/19/85
01/23/86	01/08/87	02/12/87
11/03/87	12/14/87	10/27/88
12/12/88	10/12/89	01/11/90
12/14/90	01/09/92	03/12/92
05/14/92	07/09/92	01/14/93
01/27/94	02/10/94	03/10/94
09/22/94	12/22/94	10/05/95
12/14/95	10/24/96	12/12/96
12/11/97	12/10/98	01/26/99
02/25/99	02/10/00	02/22/01
05/24/01	12/13/01	02/28/02
05/09/02	07/24/03	02/26/04
01/13/05	08/24/06	12/14/06
12/13/07	02/28/08	02/12/09
06/24/10	08/26/10	12/9/10
01/13/11	09/22/11	2/23/12
08/09/12	8/23/12	12/13/12
02/28/13	06/27/13	12/12/13
2/14/14	12/10/15	