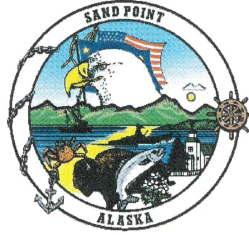


City of Sand Point



RESOLUTION 21-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAND POINT, ALASKA, AUTHORIZING THE ISSUANCE OF HARBOR REVENUE BONDS OF THE CITY IN ONE OR MORE SERIES TO FINANCE AND REFINANCE HARBOR IMPROVEMENTS; CREATING A LIEN ON NET REVENUE OF THE HARBOR FOR THE PAYMENT OF THE BONDS; AND ESTABLISHING COVENANTS OF THE CITY RELATED TO THE BONDS.

WHEREAS, the City of Sand Point, Alaska (the “City”), is a first-class city and under the provisions of Alaska Statutes 29.47 has the power to issue revenue bonds for a public enterprise of the City where the only security is the revenue of the public enterprise, for which an election is not required; and

WHEREAS, pursuant to Title 11 of the City’s Code of Ordinances the City owns and operates boat harbor facilities (as further defined in Section 1, the “Harbor Enterprise”) as a revenue-producing enterprise; and

WHEREAS, it is necessary and in the best interest of the City and its residents that the City now provide for the issuance of one or more series of harbor revenue bonds to finance and refinance improvements to the Harbor Enterprise, and for any other purpose of the Harbor Enterprise now or hereafter permitted by law;

NOW, THEREFORE, BE IT RESOLVED BY THE SAND POINT CITY COUNCIL:

Section 1. Definitions. The following terms shall have the following meanings in this Master Resolution:

“Aggregate Annual Debt Service” means, for any Fiscal Year, the total amount of Debt Service on all Bonds then Outstanding.

“Annual Debt Service” means, with respect to any Bonds for any Fiscal Year, the total amount of Debt Service on such Bonds.

“Average Annual Debt Service” means, with respect to any Bonds at any time, the total amount of Debt Service on such Bonds scheduled to be paid thereafter, divided by the number of Fiscal Years in which such Debt Service is scheduled to be paid.

“Base Period” means any consecutive 12-month period selected by the City out of the 30-month period preceding the date of issuance of a series of Bonds.

“Bond Register” means the registration books maintained by the Registrar that include the names and addresses of the owners or nominees of the owners of the Bonds.

“Bonds” means the bonds, notes, or other evidences of indebtedness issued from time to time in series in accordance with the provisions of this Master Resolution.

“City” means the City of Sand Point, Alaska, a first-class city organized and existing under the Constitution and laws of the State of Alaska.

“City Council” means the general legislative authority of the City, as the same may be constituted from time to time.

“City Representative” means each of the City Administrator and the Mayor of the City, or such other person who may be designated as such from time to time by resolution of the City Council.

“Consultant” means an independent professional consultant experienced in harbor matters appointed by the City to perform the duties of Consultant under this Master Resolution. For the purposes of delivering any certificate required by Section 5 and making the calculations required by Section 5, the term “Consultant” also shall include any independent public accounting firm appointed by the City to make such calculation or to provide such certificate.

“Costs of Construction” means all costs paid or incurred by the City in connection with the acquisition and construction of capital additions, improvements, and betterments to and extensions of the Facilities, and the placing of the same in operation, including without limitation paying all or a portion of the interest on the Bonds or any portion thereof issued to finance the costs of such improvements during the period of construction of such improvements and for a period of time thereafter; paying amounts required to meet any reserve requirement for such Bonds; paying or reimbursing the City or any fund thereof or any other person for expenses incident and properly allocable to the acquisition and construction of such improvements and the placing of the same in operation; and all other items of expense incident and properly allocable to the acquisition and construction of such additions and improvements, the financing of the same, and the placing of the same in operation.

“Coverage Requirement” means, for any Fiscal Year or Base Period, that Net Revenue is equal to or greater than 125 percent of Aggregate Annual Debt Service.

“Debt Service” means, with respect to any Bonds for any Fiscal Year, an amount equal to the sum of (1) the principal amount of such Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (2) the amount of any payment required to be made during such period into any sinking fund established for the payment of such Bonds, and (3) all interest payable during such period on such Bonds and with respect to Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Bonds on the date specified in the Series Resolution authorizing such Bonds.

“Facilities” means all equipment and all property, real and personal, or any interest therein, whether improved or unimproved, now or hereafter owned, operated, used, leased or managed by the Harbor Enterprise and which contribute in some measure to Gross Revenue.

“Fiscal Year” means the fiscal year of the City, which currently is the 12-month period commencing on July 1 and ending the following June 30.

“Gross Revenue” means all income, receipts, and revenue derived by or for the account of the Harbor Enterprise from time to time from any source from the ownership, leasing, or operation of the Facilities, and all earnings on any fund or account that is pledged to secure the Bonds. However, the following shall be excluded from Gross Revenue: (1) the proceeds of any borrowing by the City and the earnings thereon (other than earnings on proceeds deposited in reserve funds); (2) proceeds of insurance or condemnation proceeds other than business interruption insurance; and (3) income from investments irrevocably pledged to the payment of Bonds issued or to be defeased under any refunding bond plan of the Harbor Enterprise.

“Harbor Enterprise” means the boat harbor facilities owned and operated by the City pursuant to Title 11 of the City’s Code of Ordinances, as the same may be added to, improved, and extended.

“Harbor Fund” means the boat harbor enterprise fund of the City.

“Master Resolution” means this Resolution No. 21-03.

“Maximum Annual Debt Service” means, with respect to any Bonds as of any date, the highest Annual Debt Service on such Bonds in each Fiscal Year thereafter in which such Bonds are scheduled to remain Outstanding.

“Net Revenue” means, for any Fiscal Year or Base Period, Gross Revenue less any part thereof that must be used to pay Operating Expenses.

“Operating Expenses” means the current expenses incurred for operation, maintenance, or repair of the Facilities of a non-capital nature, and include without limitation administrative and general expenses, insurance premiums, lease rentals, legal and engineering expenses, payments to pension, retirement, group life insurance, health, and hospitalization funds or other employee benefit funds that are properly chargeable to current operations, interest on customer deposits, payroll tax expenses, and any other expenses required to be paid under the provisions of this Master Resolution or by law or permitted by standard practices for municipal enterprises similar to the properties and business of the Harbor Enterprise and applicable in the circumstances. Operating Expenses do not include payments of taxes or assessments (or payments in lieu of taxes or assessments) to the City, payments with respect to judgments, any allowances for depreciation or amortization, or any principal, redemption price or purchase price of, or interest on, any obligations of the City incurred in connection with the Facilities and payable from Gross Revenue.

“Outstanding” means, as of any date, any Bonds theretofore issued except such Bonds deemed to be no longer Outstanding as provided in the Series Resolution authorizing the issuance thereof.

“Registered Owner” means the person named as the registered owner of a Bond in the Bond Register.

“Registrar” means the City Administrator of the City, or any other person that the City Council may appoint from time to time by resolution or by a Series Resolution, to act as registrar for one or more series of Bonds.

“Series Resolution” means a resolution authorizing the issuance of a series of Bonds, as such resolution may thereafter be amended or supplemented. Each Series Resolution shall be supplemental to this Master Resolution.

Section 2. Priority of Use of Gross Revenue. The City shall deposit all Gross Revenue in the Harbor Fund as collected. The Harbor Fund shall be held separate and apart from all other funds and accounts of the City, and the Gross Revenue deposited therein shall be used only for the following purposes and in the following order of priority:

First, to pay when due Operating Expenses not paid from other sources;

Second, to make when due all payments, including sinking fund payments, required to be made into the debt service account of any Bond redemption fund and to pay the principal of and interest and premium, if any, on any Bonds;

Third, to make when due all payments required to be made into any reserve account established to secure the payment of any Bonds;

Fourth, to make when due all payments required to be made into any other harbor revenue bond redemption fund and debt service account or reserve account created therein to pay and secure the payment of any harbor revenue bonds or other harbor revenue obligations of the City secured by a lien on Net Revenue and the money in the Harbor Fund junior and inferior to the lien that secures payment of the Bonds; and

Fifth, to retire by redemption or purchase in the open market any outstanding harbor revenue bonds or other harbor revenue obligations of the City as authorized in the various resolutions of the City authorizing their issuance, or to make necessary additions, betterments, improvements, and repairs to or extensions and replacements of the Facilities, or any other lawful City purposes, except to the extent of any deficiencies in payments for First, Second, Third, or Fourth purposes.

Section 3. Authorization of Bonds. The City is authorized to issue harbor revenue bonds of the City, to be known as “City of Sand Point, Alaska, Harbor Revenue Bonds,” from time to time in series, and without limitation as to aggregate principal amount. Each series of Bonds may be issued in such amount and upon such terms and conditions as the City Council may from time to time deem to be necessary or advisable, for any purposes of the Harbor Enterprise now or hereafter permitted by law, but only upon compliance with the applicable conditions for their issuance in Section 5.

All Bonds shall be secured by a parity lien on Net Revenue upon the fulfillment of the conditions for their issuance under this Master Resolution. From and after the time of issuance and delivery of the Bonds of each series, and so long thereafter as any of the same remain Outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay out of Net Revenue into the special funds created for the payment of the Bonds of such series, on or before the due date, the amount necessary to pay principal or interest coming due on the Bonds of such series. Such amounts so pledged to be paid into such special funds are hereby declared to be a lien on Gross

Revenue superior to all other liens and charges of any kind or nature whatsoever except for Operating Expenses and except for parity liens that may be made to secure payment of any series of Bonds issued in accordance with the provisions of this Master Resolution.

The Bonds shall not in any manner or to any extent constitute general obligations of the City or the State of Alaska or of any political subdivision of the State of Alaska. Neither the faith and credit nor the taxing power of the City is pledged for the payment of the Bonds.

Section 4. Series Resolution. Each series of Bonds shall be authorized by a Series Resolution, which shall, among other provisions, specify or provide for:

- (a) the authorized principal amount, designation, and series of such Bonds;
- (b) the general purpose or purposes for which such series of Bonds is being issued, and the deposit, disbursement, and application of the proceeds of the sale of the Bonds of such series;
- (c) the date or dates, and the maturity date or dates, of the Bonds of such series, and the principal amount maturing on each maturity date;
- (d) the interest rate or rates on the Bonds of such series, the interest payment date or dates therefor and the tax status thereof;
- (e) the circumstances, if any, under which the Bonds of such series will be deemed to be no longer Outstanding;
- (f) the denominations of, and the manner of dating, numbering, and, if necessary, authenticating, the Bonds of such series;
- (g) the place or places of payment of the principal, redemption price, if any, or purchase price, if any, of and interest on, the Bonds of such series;
- (h) the Registrar for the Bonds of such series and the duties and obligations thereof;
- (i) the form or forms of the Bonds of such series and the provisions for the registration, transfer, and exchange of the Bonds of such series;
- (j) the terms and conditions, if any, for the redemption or prepayment of the Bonds of such series prior to maturity, including the redemption or prepayment date or dates and price or prices and other applicable redemption or prepayment terms;
- (k) the manner of sale of the Bonds of such series;
- (l) if so determined by the City, the authorization of and any terms and conditions with respect to credit support for the Bonds of such series and the pledge or provision of money, assets, or security other than Net Revenue to or for the payment of the Bonds of such series or any portion thereof;
- (m) a special fund or account to provide for the payment of the Bonds of such series and, if so determined by the City, any other specific funds or accounts, including without limitation reserve funds or accounts, for the Bonds of such series and the application of money or securities therein; and

(n) any other provisions that the City deems necessary or desirable in connection with the Bonds of such series.

Section 5. Limitations on Issuance of Bonds. The City shall not issue any series of Bonds or incur any additional indebtedness with a lien on Net Revenue on a parity with the lien that secures payment of the Bonds then Outstanding unless the City satisfies the applicable conditions for the issuance of such series in this Section.

(a) Project Completion. The City may issue Bonds if the City shall not have been in default of its covenant under Section 6(a) for the preceding Fiscal Year, and the Bonds are being issued to pay Costs of Construction of Facilities for which Bonds have been issued previously and the principal amount of such Bonds being issued for completion purposes does not exceed an amount equal to 15 percent of the aggregate principal amount of Bonds theretofore issued to finance such Facilities and reasonably allocable to the Facilities to be completed as shown in a written certificate of the City Representative, and there is delivered a Consultant's certificate stating that the nature and purpose of such Facilities has not materially changed.

(b) Purposes of the Harbor Enterprise. The City may issue Bonds if the City shall not have been in default of its covenant under Section 6(a) for the preceding Fiscal Year, and the Bonds are being issued to finance necessary additions, betterments, improvements, and repairs to or extensions and replacements of the Facilities, upon delivery of a certificate prepared as described in paragraph (1) or (2) of this subsection.

1. Certificate of the City Without a Consultant. The City may deliver a certificate without a Consultant if, based on Net Revenue for the Base Period (confirmed by an independent audit), the Coverage Requirement will be satisfied in each Fiscal Year that Bonds are scheduled to be Outstanding, commencing with the first full Fiscal Year following the date on which any portion of interest on the series of Bonds then being issued will be paid from a source other than the proceeds of such series of Bonds.

2. Certificate of Consultant. Unless the City may deliver a certificate without a Consultant as provided in paragraph (1) of this subsection, the City shall deliver a certificate of a Consultant demonstrating that the Coverage Requirement will be satisfied in each Fiscal Year that Bonds are scheduled to be Outstanding, commencing with the first full Fiscal Year following the date on which any portion of interest on the series of Bonds then being issued will be paid from a source other than the proceeds of such series of Bonds. In making the computations for the purpose of certifying compliance with the Coverage Requirement of this Section, the Consultant may determine Net Revenue by adding the following:

(i) The historic Net Revenue of the Harbor Enterprise for the Base Period.

(ii) Any increase to reflect the rates and charges for use of the Facilities effective on the date of such certificate if there has been any change in such rates and charges during or after the Base Period.

(iii) The Net Revenue derived from customers of the Harbor Enterprise that have become customers during the Base Period or thereafter and prior to the date of such certificate, adjusted to reflect a full year's Net Revenue from each such customer to the extent such Net Revenue was not included under subparagraph (i) of this paragraph (2).

(iv) The estimated annual Net Revenue to be derived from any customer under any executed contract for use of the Facilities, which Net Revenue was not included in any of the other sources of Net Revenue described in this paragraph (2).

(v) The estimated annual Net Revenue to be derived from the operation of any additions or improvements to or extensions of the Facilities under construction but not completed at the time of such certificate and not being paid for out of the proceeds of sale of such Bonds being issued, and which Net Revenue is not otherwise included in any of the sources of Net Revenue described in this paragraph (2).

(vi) The estimated annual Net Revenue to be derived from the operation of any additions and improvements to or extensions of the Facilities being paid for out of the proceeds of sale of such Bonds being issued.

If the Harbor Enterprise will not derive any revenue as a result of the construction of additions, improvements, or extensions being or to be made to the Facilities within the provisions of subparagraphs (v) or (vi) of this paragraph (2), the estimated annual Operating Expenses of such additions, improvements, and extensions shall be deducted from estimated annual Net Revenue.

(c) Refunding for Debt Service Savings. The City may issue Bonds for the purpose of refunding Outstanding Bonds when, in each Fiscal Year thereafter that Bonds are scheduled to remain Outstanding, the Aggregate Annual Debt Service after the issuance of the refunding Bonds will not be greater than the Aggregate Annual Debt Service if such refunding did not occur.

Section 6. Specific Covenants. The City hereby covenants with the Registered Owners for as long as any Bonds remain Outstanding:

(a) Rate Covenant. The City will establish, maintain, and collect rentals, tariffs, rates, fees, and charges in the operation of the business of the Harbor Enterprise that will produce Net Revenue sufficient to satisfy the Coverage Requirement in each Fiscal Year.

If the Net Revenue in any Fiscal Year is not sufficient to satisfy the Coverage Requirement, then the City will retain a Consultant to make recommendations as to operations and the revision of schedules of rentals, tariffs, rates, fees, and charges, and on the basis of such recommendations and other available information the City will establish such rentals, tariffs, rates, fees, and charges for Harbor Enterprise services and operations as are necessary to produce Net Revenue sufficient to satisfy the Coverage Requirement in the Fiscal Year during which such adjustments are made. If the City has taken the steps set forth in this paragraph and the Net Revenue in the Fiscal Year in which adjustments are made nevertheless is not sufficient to satisfy the Coverage Requirement, such failure to comply with the covenant set forth in this subsection shall not constitute a default under this Master Resolution.

(b) Maintenance and Repairs. The City will maintain, preserve, and keep the Facilities in good repair, working order, and condition; will from time to time make or cause to be made all necessary and proper repairs, renewals, and replacements thereto so that the business carried on in connection therewith may be properly and advantageously conducted; and will at all times operate the Harbor Enterprise in an efficient manner and at a reasonable cost.

(c) Insurance. The City will carry fire and other casualty insurance on the Facilities to the full insurable value thereof, and will also carry adequate public liability insurance and such other forms of insurance as under good business practices are ordinarily carried on such plant and

equipment. Such insurance also may be maintained by the City through a program of self-insurance.

(d) Extensions or Betterments. The City will not expend any of the money in the Harbor Fund for any extensions or betterments that are not economically sound and that will not contribute to the operation of the Harbor Enterprise in an efficient and economical manner, unless such extensions are required by law or any regulatory body having jurisdiction.

(e) Accounting. The City will keep and maintain proper books and accounts with respect to the operation of the Harbor Enterprise in such manner as prescribed by any authorities having jurisdiction over the Harbor Enterprise and will cause its books of account to be audited annually by competent certified public accountants, copies of which audits shall, upon request, be furnished to Registered Owners.

(f) Disposal of Harbor Enterprise. The City will not sell or otherwise dispose of substantially all of the Facilities or other properties of the Harbor Enterprise, unless contemporaneously with such sale or disposal there shall be paid into a special fund a sum sufficient (together with investment income thereon) to defease all Bonds then Outstanding to the date or dates on which they first may be redeemed.

The City may sell or dispose of any portion of the Facilities or other properties of the Harbor Enterprise to related or unrelated entities; provided, that if such properties constitute five percent or greater of the "book value" of the Harbor Enterprise's properties or generate five percent or greater of the Net Revenue of the Harbor Enterprise at the time of such sale or disposition, the Harbor Enterprise has on hand a report from a Consultant verifying that the Coverage Requirement will be satisfied in each of the next three full Fiscal Years.

The City also may sell, dispose of, or convey any assets that are no longer deemed to be useful to the operations of the Harbor Enterprise.

Section 7. Amendatory and Supplemental Resolutions.

(a) The City Council from time to time and at any time may adopt a resolution or resolutions supplemental hereto, which resolution or resolutions thereafter shall become a part of this Master Resolution, for any one or more of the following purposes:

1. To provide for the issuance of a series of Bonds pursuant to Section 4, and to prescribe the terms and conditions pursuant to which such Bonds may be issued, paid, or redeemed.

2. To add covenants and agreements of the City for the purpose of further securing the payment of the Bonds, provided that such additional covenants and agreements are not contrary to or inconsistent with the covenants and agreements of the City contained in this Master Resolution.

3. To prescribe further limitations and restrictions upon the issuance of Bonds and the incurring of indebtedness by the City payable from Net Revenue that are not contrary to or inconsistent with the limitations and restrictions thereon theretofore in effect.

4. To surrender any right, power, or privilege reserved to or conferred upon the City by the terms of this Master Resolution.

5. To make such provisions for the purpose of curing any ambiguities or of curing, correcting, or supplementing any defective provision contained in this Master Resolution or in regard to matters or questions arising under this Master Resolution as the City Council may deem necessary or desirable and not inconsistent with this Master Resolution and which shall not adversely affect the interests of the Registered Owners.

Any such supplemental resolution may be adopted without the consent of any Registered Owner, notwithstanding any of the provisions of subsection (b) of this Section.

(b) With the consent of the Registered Owners of not less than 60 percent in aggregate principal amount of the Bonds then Outstanding, the City Council may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Master Resolution or of any supplemental resolution; provided, that no such supplemental resolution shall:

1. extend the fixed maturity of any of the Bonds, or reduce the rate of interest thereon, or reduce the amount or change the date of any sinking fund installment, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Bond so affected; or

2. reduce the aforesaid percentage of Registered Owners required to approve any such supplemental resolution, without the consent of the Registered Owners of all of the Bonds then Outstanding.

It shall not be necessary for the consent of the Registered Owners under this subsection to approve the particular form of any proposed supplemental resolution, but it shall be sufficient if such consent approves the substance thereof.

(c) Upon the adoption of any supplemental resolution under this Section, this Master Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations of the City and all Registered Owners under this Master Resolution shall thereafter be subject in all respects to such modification and amendment, and all the terms and conditions of the supplemental resolution shall be deemed to be part of the terms and conditions of this Master Resolution for any and all purposes.

(d) Bonds of any series delivered after the effective date of any amendment adopted under this Section to this Master Resolution or the Series Resolution with respect to that series may bear a notation as to any matter provided for in such supplemental resolution, and if such supplemental resolution shall so provide, new Bonds modified so as to conform, in the opinion of the City, to the terms of any such supplemental resolution may be prepared by the City and delivered without cost to the Registered Owners, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 8. Notice to Registered Owners. Except as this Master Resolution specifically provides otherwise, any notice under this Master Resolution to Registered Owners may be given by first-class mail, postage prepaid, to such Registered Owners at their respective addresses appearing upon the Bond Register.

Section 9. Resolutions a Contract with Registered Owners. In consideration of the purchase and acceptance of the Bonds by those who shall own the same from time to time, the

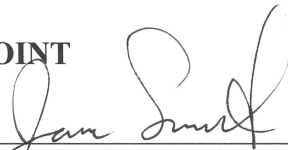
provisions of this Master Resolution and of any related Series Resolution shall constitute a contract with each Registered Owner, and the obligations of the City under this Master Resolution and under any related Series Resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein set forth to be performed by or on behalf of the City shall be for the equal benefit, protection, and security of each Registered Owner.

Section 10. Severability. If any one or more of the covenants or agreements set forth in this Master Resolution to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants or agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Master Resolution and shall in no way affect the validity of the other provisions of the Bonds or of this Master Resolution.

Section 11. Effective Date. This Master Resolution shall take effect immediately upon its passage and adoption.

**PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE CITY COUNCIL
FOR THE CITY OF SAND POINT ON THIS 13th DAY OF APRIL, 2021.**

CITY OF SAND POINT



James Smith, Mayor

ATTEST:



Shannon Sommer, City Clerk