ASSEMBLY FINANCE COMMITTEE AGENDA

September 2, 2026 at 5:30 PM

Assembly Chambers/Zoom Webinar

Assembly Finance Committee Worksession

https://juneau.zoom.us/j/93917915176 or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

B. ROLL CALL

C. APPROVAL OF MINUTES

1. **May 6, 2026 - page 3**
2. **May 13, 2026 - page 14**
3. **May 20, 2026 - page 31**
4. **June 3, 2026 - page 47**
5. **July 8, 2026 - page 58**

D. AGENDA TOPICS

6. **Non-Profit Sales Tax Ordinance 2026-32 - page 73**
7. **Juneau Arts and Humanities Council FY27 Assembly Grant - page 78**
8. **HESCO Funding and Transfers - page 80**
9. **Sales Tax Update - page 86**
10. **Debt Policies - page 91**

E. NEXT MEETING DATE

11. **November 4, 2026, 5:30 PM**

F. SUPPLEMENTAL MATERIALS

12. **Assemblymember Steininger Proposed Amendment to Ordinance 2026-32 - UPDATED - page 113**
13. **Assembly Member Brooks Amendment to Ordinance 2026-32 - page 114**

G. ADJOURNMENT

ADA accommodations available upon request: contact the Clerk's Office (907)586-5278 or city.clerk@juneau.gov at least 36 hours prior to a meeting, to request ADA arrangements.

ASSEMBLY FINANCE COMMITTEE MINUTES

May 6, 2026, at 5:30 PM

Assembly Chambers/Zoom Webinar

https://juneau.zoom.us/j/93917915176 or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

The meeting was called to order at 5:31 pm by Chair Woll

B. ROLL CALL

Committee Members Present: Christine Woll (Chair); Greg Smith; Paul Kelly; Maureen Hall; Neil Steininger; Nathaniel (Nano) Brooks

Committee Members Present Virtually: Mayor Beth Weldon; Ella Adkison; Alicia Hughes-Skandijs

Committee Members Absent: None

Staff Members Present: Robert Barr, Deputy City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager; Joe Wanner, Bartlett Regional Hospital Chief Executive Officer

Staff Members Present Virtually: Katie Koester, City Manager; Alexandra Pierce, Visitor Industry Director; Emily Wright, Municipal Attorney

C. APPROVAL OF MINUTES

1. April 1, 2026, AFC

Motion: by Assemblymember Kelly to defer minutes approval until the next meeting.

Motion passed by unanimous consent.

D. AGENDA TOPICS

2. Information Only: Service Reduction Follow-Up

Chair Woll stated that action is not required on these items at this meeting. She reviewed the memos (see packet pages 2 – 19) which are responding to requests from the April 22, 2026, AFC meeting, and asked if there were additional questions. Regarding the City Museum memo, Chair Woll asked about the amount for full closure, divesting the collection, and divesting the building. Deputy City Manager Robert Barr responded that the FY27 Manager's Budget proposes $566,000, so his assumption is that in a full closure divestiture situation, the saving would be close to that amount, though some of that amount would be needed to pay for the cost of divestiture.

Assemblymember Smith asked if savings from cutting programs at the City Museum would result from staffing cuts. Mr. Barr answered that this is correct, and an option in the April 22, 2026, AFC packet included a reduced program option that saved $261,000, and 90% to 95% of that savings is related to two Full Time Equivalent (FTE) positions.

Mayor Weldon requested that staff provide amounts for an option of keeping the collection, having a curator of collections, a small administrative staff, and volunteers for very limited hours.

Assemblymember Steininger asked about the cost of maintaining climate control, fire suppression listed in the memo as $5,800 per year and if that number is correct and if it would carry through for a full shutdown of the facility. Mr. Barr responded that he has a high level of confidence in that number and noted that this amount would not include covering any damages in the building.

Assemblymember Hughes-Skandijs joined the meeting virtually at 5:44 PM.

Assemblymember Brooks asked about the 340B hospital drug pricing program for Bartlett Regional Hospital (BRH) and what would be required to progress with this program. Mr. Barr responded that this is a complicated process that requires multiple processes and phases. A key requirement that is not currently available at BRH is outpatient pharmacy services inside the hospital. Consequently, construction of a pharmacy space inside the hospital to be managed and run by BRH employees would be necessary for program implementation.

Mayor Weldon asked if a partial or phased implementation of the program would be possible as most of the savings come for people who need to access very expensive medications. Mr. Barr responded that it may be possible for the hospital to have an interim process by having contracts with external private pharmacies prior to the hospital on-site pharmacy being built. In this scenario, only the hospital can benefit from the 340B pricing program until the hospital pharmacy is operational.

Assemblymember Hall stated that her understanding is that inpatients are already benefitting from this program. By expanding the program for outpatients, if a patient is discharged at 1 pm, they would be able to fill their prescription at BRH rather than waiting for the following day for an outside pharmacy to be open. Additionally, this will allow the hospital to contract with drug manufacturers and distributors for discounted rates that would be passed on to patients and the CBJ health plan.

Chair Woll stated that her understanding from the letter from Bartlett was that cost savings cannot be passed on to the City as they must stay with the hospital.

Mr. Barr stated that in the scenario where BRH is only working with contract pharmacies, under 340B, the benefits of the program can only go to BRH. In a future scenario when the hospital has an onsite pharmacy run and managed by employees, then the hospital could engage in a contractual process with the health plan administrator such that the benefits could go to the health plan of which BRH and CBJ are about 50% contributors each and JSD is a de minimis contributor currently. This is the future scenario referenced in past and current memos speaking to the benefits accruing to the whole CBJ.

Bartlett Regional Hospital CEO Joe Wanner stated that this is a complex and heavily regulated process. Health Resources & Services Administration (HRSA) audits the programs on an annual basis all the way to the patient level. There are multiple systems, programs, and contracts that will need to be set up, and specialists will be needed for implementation as these programs are developed. Once the pharmacy is in place on site, CBJ will benefit in this end stage when BRH's pharmacy is able to contract with CBJ with the goal of reducing costs. This will benefit Bartlett, and CBJ will also benefit as a co-beneficiary.

Assemblymember Smith asked if Bartlett is actively looking at how to implement this in a way that over time will benefit CBJ. Mr. Wanner explained that the first step in this process was opening a primary care clinic, which was just opened in September 2025. The next step will be getting the clinic classified properly and this step is currently in process. Once that is completed, then they go into contract pharmacy phase, then will proceed with the steps to have their own pharmacy.

Assemblymember Brooks asked if the pharmacy must be owned by BRH for the benefits to be carried over to the health plan or does it just need to be located on the hospital campus. Mr. Wanner replied that the pharmacy will need to be owned by BRH. Mr. Wanner added that the pharmacy is not required to be on the hospital campus, however, additional benefits exist if it is located on campus.

Assemblymember Hughes-Skandijs asked if the hospital is pursuing this path currently under direction of the Hospital Board and the CBJ Assembly. Mr. Wanner stated that he is of the opinion that it is within the scope of his position to move this process forward as these are operational decisions, not policy decisions from the Hospital Board. BRH is trying to accomplish this as expeditiously as possible while bearing in mind that it must be done correctly as doing this the wrong way could incur large penalties.

Assemblymember Hall asked if Mr. Wanner has experience working at hospitals where they have had this program. Mr. Wanner answered that he has worked at hospitals that ran the 340B program as a contract pharmacy, however, not at a self-insured hospital like BRH.

Assemblymember Brooks asked about the timeline for full implementation of this program and costs for startup. Mr. Wanner responded that conservatively it will take at least two years for set up and he is not able to give a cost estimate at this time due to construction and location variables.

The Committee continued to discuss the various service reduction memos including travel and training, cat licenses, and the Douglas Fire Station lease.

The Committee recessed at 6:23 pm.
The Committee reconvened at 6:28 pm.

3. Manager's Proposed Increments and Budget Amendments

Ms. Koester explained that the first Manager's request for increments to the budget is an increase of $105,000 for the public defender contract (packet page 20). The contract increase details were not received until after the budget was drafted, so an estimate was used, then the bid came in higher than anticipated. The second request is for $576,260 to fund the emergency shelter on Thane year-round, which was an Assembly decision made after the Manager's Proposed Budget was presented. The third request is for $247,000 to help fund Gastineau Human Services' substance use disorder treatment program.

Mr. Barr spoke to his memo (packet page 21) regarding the Gastineau Human Services (GHS) request. GHS has reached out to CBJ with a request for funding for their Substance Use Disorder (SUD) services program which was transitioned from BRH to GHS in late 2024. GHS's operational support for the SUD program is primarily covered by Medicaid. They bill what is known as the 1115 waiver program for clients who are Medicaid eligible. Medicaid reimbursement rates cover 93% of these operational costs. The request is for a grant to cover the remaining amount. The reason for the timing of this request is because the State of Alaska is changing their grant program that formerly supported this program. In FY27 the State grant will be 25% of its previous amount, 15% in FY28, then the program would transition to competitive grants in future years and would not be intended for ongoing operational support.

The GHS request is a one-time request based on the State saying that it is planning to engage in a re-rating of the 1115 Medicaid waiver rates. GHS's hope is that the re-rating effort will result in rates that cover their needs for this program. Mr. Barr added that in his opinion, it is not likely that the 1115 re-rating will cover all costs, and it is possible that this will not in actuality be a one-time request.

The Committee asked questions and continued to discuss the subject matter.

Motion: by Mayor Weldon to amend the FY27 budget to include the three manager's proposed increments, with the GHS request to be funded by opioid settlement funds.

Objection: by Assemblymember Kelly for purposes of an amendment.

Amendment: by Assemblymember Kelly to amend the motion to approve the first two items on the list but to add the GHS request to the pending list.

Assemblymember Hall disclosed that she is a member of the Saint Vincent de Paul's Board and has discussed this with the City Attorney who stated that her participation does not constitute a personal or financial conflict in this situation, so she will not recuse herself from this vote unless instructed so by the Body.

Assemblymember Steininger stated that he is a member of the St. Vincent de Paul Finance Committee and has confirmed that his participation does not constitute a conflict of interest.

Amendment passed by unanimous consent.

Motion, as amended, passed by unanimous consent.

4. Capital Improvement Plan Amendments

Ms. Flick stated that staff does not have any recommended changes to the Capital Improvement Plan (CIP), however this item is on the agenda to ensure that there is an opportunity for changes to the CIP should they be requested (packet page 23). This will also be seen again during the May 20, 2026, AFC meeting when the resolution is forwarded to the full Assembly for action on June 8, 2026. There are items represented on the service reduction list that are tied to the CIP, and these items are called out in the memo.

Mayor Weldon asked about the $200,000 reduction in the contribution for the Affordable Housing Fund (AHF) and how much the City provides to this fund typically. Mr. Barr stated that in FY27, $1,500,000 is going to the AHF.

Assemblymember Smith asked if a 1% sales tax CIP item was removed from the CIP, would the funds that were allocated for that project then go into the unrestricted general fund. Ms. Flick responded that this understanding is correct.

Assemblymember Steininger asked if these items are removed from the FY27 CIP list, will they come back for FY28 CIP or what happens with them. Ms. Koester responded that the 1% schedule governs how these funds are appropriated. She added that the Lemon Creek Multimodal Path is not scheduled for any additional funding however it does have over $1,000,000 in it and grants are being pursued based on its existing funds available to match.

Ms. Koester added that the Gastineau Avenue Road widening project is scheduled in FY28's 1%, however this is a project that could be cut due to the reduced revenue situation.

The Committee continued to ask questions and discuss the proposed CIP reductions.

Motion: by Mayor Weldon to move the FY27 CIP to the full Assembly.

Objection: by Mayor Weldon for purposes of an amendment.

Amendment #1: by Mayor Weldon to remove and put on the Pending List the Restricted Budget Reserve contribution of $2,720,000.

The Committee took a brief at ease.

Amendment #1 passed by unanimous consent.

Amendment #2: by Assemblymember Hall to remove the $1,500,000 for the Lemon Creek Multi-Modal Path from the CIP list.

Objection: by Assemblymember Kelly for purposes of an amendment.

Amendment to Amendment #2: by Assemblymember Kelly that instead of removing the Lemon Creek Multi-Modal Path from the CIP list, to add it to the Pending List.

Objection: by Mayor Weldon.

Assemblymember Hughes-Skandijs left the meeting.

<u>**Roll Call Vote on Amendment to Amendment #2**</u>
Ayes: Kelly, Smith, Adkison, Steininger, Chair Woll
Nays: Mayor Weldon, Brooks, Hall

Amendment to Amendment #2 passed. Five (5) Ayes, Three (3) Nays.

Amendment #2, as amended, passed by unanimous consent.

<u>Amendment #3:</u> by Mayor Weldon to move the Gastineau Avenue Widening project to the Pending List.

Amendment #3 passed by unanimous consent.

<u>Amendment #4:</u> by Mayor Weldon to move the remaining funds in the Jackie Renninger Park project to the Pending List.

Objection by Assemblymember Brooks.

<u>**Roll Call Vote on Amendment #4**</u>
Ayes: Weldon
Nays: Brooks, Steininger, Hall, Smith, Kelly, Adkison, Woll

Amendment #4 failed. One (1) Ayes, Seven (7) Nays.

<u>Amendment #5:</u> by Mayor Weldon to move the Affordable Housing Fund contribution reduction of $200,000 to the Pending List.

Objection by Assemblymember Kelly.

<u>**Roll Call Vote on Amendment #5**</u>
Ayes: Weldon, Smith, Hall, Steininger
Nays: Kelly, Adkison, Brooks, Woll

Amendment #5 failed. Four (4) Ayes, Four (4) Nays.

Original motion, as amended, passed by unanimous consent.

5. Passenger Fee Plan

Ms. Flick noted that this topic will be similar to the CIP process that was just completed. Staff's recommendations are part of the Manager's Proposed Budget, and the Committee may determine if changes are needed or if the proposals will go forward as they are listed (packet page 31).

<u>Motion</u>: by Mayor Weldon to move the Passenger Fee Proposal to the full Assembly.

<u>Objection</u>: by Mayor Weldon for purposes of an amendment.

<u>Amendment #1</u>: by Mayor Weldon to remove Item #11 – Waterfront Covered Shelter and

Restrooms from the Passenger Fee Proposal.

Objection: by Assemblymember Kelly.

Roll Call Vote on Amendment #1
Ayes: Weldon, Brooks, Woll
Nays: Kelly, Smith, Hall, Adkison, Steininger

Amendment #1 failed. Three (3) Ayes, Five (5) Nays.

Amendment #2: by Assemblymember Kelly to increase the Crossing Guard Program amount to $626,844 and fund it from Passenger Fee Fund balance.

Objection: by Mayor Weldon.

Roll Call Vote on Amendment #2
Ayes: Kelly, Hall
Nays: Weldon, Smith, Adkison, Brooks, Steininger, Woll

Amendment #2 failed. Two (2) Ayes, Six (6) Nays.

Amendment #3: by Assemblymember Hall to add $75,000 to the Downtown Business Association's (DBA) Downtown Ambassador Program as a recurring expense to the Passenger Fee Proposal.

Objection: by Assemblymember Steininger for purposes of an amendment.

Amendment to Amendment #3: by Assemblymember Steininger to redirect the funding to Travel Juneau (TJ) instead of DBA.

Objection: by Mayor Weldon.

Roll Call Vote on Amendment to Amendment #3
Ayes: Steininger
Nays: Weldon, Smith, Adkison, Kelly, Brooks, Hall, Woll

Amendment to Amendment #3 failed. One (1) Ayes, Seven (7) Nays.

Objection to Amendment #3: by Chair Woll

Roll Call Vote on Amendment #3
Ayes: Hall, Kelly, Weldon, Smith
Nays: Steininger, Adkison, Brooks, Chair Woll

Amendment #3 failed. Four (4) Ayes, Four (4) Nays.

Amendment #4: by Assemblymember Brooks to end the contract with the current public Wi-Fi service provider and use the operational expense to pursue a contract with SnowCloud.

<u>Objection</u>: by Assemblymember Kelly for the purpose of an amendment.

<u>Amendment to Amendment #4</u>: by Assemblymember Kelly to refer the amendment to the Pending List.

Mr. Barr questioned the legality of the amendments related to ending a contract. Municipal Attorney Emily Wright responded that an amendment to cancel a contract would not be legal as procurement code must be followed.

Assemblymember Kelly withdrew the amendment to Amendment #4.

Assemblymember Brooks withdrew Amendment #4.

<u>Amendment #5</u>: by Assemblymember Brooks to direct staff to review the current public Wi-Fi provider contract and bring back a report with potential alternatives.

<u>Objection to Amendment #5</u>: by Assemblymember Smith

<u>Roll Call Vote on Amendment #5</u>
Ayes: Brooks
Nays: Smith, Adkison, Hall, Mayor Weldon, Steininger, Kelly, Chair Woll

Amendment #5 failed. One (1) Ayes, Seven (7) Nays.

<u>Amendment #6</u>: by Mayor Weldon to add Franklin Dock and AJ Dock port security and restroom maintenance for $180,000 each, which would require a reduction to the Seawalk allocation on the Passenger Fee Proposal.

Ms. Wright noted that she recently reviewed the CLIA settlement which has a list of items that are allowed to be funded by the MPF. This list is not prescriptive. Restrooms and security for both public and private docks are included on this list.

<u>Objection</u>: by Assemblymember Hall for purposes of an amendment.

<u>Amendment to Amendment #6</u>: by Assemblymember Hall to add $300,000 for CBJ dock port access security, which would require a reduction to the Seawalk allocation on the Passenger Fee Proposal.

<u>Objection to Amendment to Amendment #6</u>: by Mayor Weldon.

<u>Roll Call Vote on Amendment to Amendment #6</u>
Ayes: Hall, Kelly, Steininger, Chair Woll
Nays: Mayor Weldon, Smith, Adkison, Brooks

Amendment to Amendment #6 failed. Four (4) Ayes, Four (4) Nays.

<u>Objection to Amendment #6</u>: by Chair Woll.

<u>Roll Call Vote on Amendment #6</u>

Ayes: Mayor Weldon, Brooks, Steininger, Hall, Smith
Nays: Kelly, Adkison, Chair Woll

Amendment to Amendment #6 passed. Five (5) Ayes, Three (3) Nays.

Amendment #7: by Assemblymember Hall to add $75,000 for the DBA Downtown Ambassador Program to the Passenger Fee Proposal, with direction to have DBA, TJ, and Juneau Economic Development Council (JEDC) work together to figure out how best to deliver these services in the future.

Objection to Amendment #7: by Mayor Weldon for purpose of an amendment.

Amendment to Amendment #7: by Mayor Weldon to change the amount for the DBA Ambassador Program to $37,500.

Objection to Amendment to Amendment #7: by Assemblymember Hall

Roll Call Vote on Amendment to Amendment #7
Ayes (5): Mayor Weldon, Steininger, Adkison, Brooks, Chair Woll
Nays (3): Hall, Smith, Kelly

Amendment to Amendment #7 passed. Five (5) Ayes, Three (3) Nays.

Objection to Amendment #7 as amended: by Assemblymember Kelly for the purpose of an amendment.

Amendment to the Amendment to Amendment #7: by Assemblymember Kelly to forward the request to the pending list.

Objection to the Amendment to Amendment to Amendment #7: by Chair Woll

Roll Call Vote on Amendment to Amendment to Amendment #7
Ayes: Kelly, Smith, Steininger
Nays: Adkison, Hall, Mayor Weldon, Brooks, Chair Woll

Amendment to the Amendment to Amendment #7 failed. Three (3) Ayes, Five (5) Nays.

Objection to Amendment #7, as amended: by Chair Woll.

Roll Call Vote on Amendment #7 as amended
Ayes: Hall, Kelly, Smith, Mayor Weldon, Steininger, Brooks
Nays: Adkison, Chair Woll

Amendment #7, as amended, passed. Six (6) Ayes, Two (2) Nays.

Original motion, as amended, passed by unanimous consent.

Motion: by Assemblymember Smith to introduce an ordinance in the amount of $99,728 from the Marine Passenger Fee fund balance to increase crossing guard services for the

remainder of FY26 to the higher level recommended in FY27.

Motion passed by unanimous consent.

The Committee recessed at 8:29 pm.
The Committee reconvened at 8:40 pm.

6. School District Budget

Ms. Flick stated that, to meet all required deadlines for funding the Juneau School District, action is needed for this section to move an ordinance to the full body for action on May 18, 2026. The Manager's Proposed Budget for FY27 included funding consistent with last year's funding for above-the-cap spending (packet page 72 - 75). She reminded the Committee that at the prior week's April 29, 2026, Special Assembly meeting, minimum local funding was set. Ms. Flick noted that, like the CIP discussion, there is one item on the service reduction list related to JSD, related to reducing above-the-cap by $115,000.

Motion: by Mayor Weldon to move Ordinance 2026-02 to the full Assembly.

Motion passed by unanimous consent.

7. Information Only: Fund Balance

Ms. Flick stated the year-end FY26 unrestricted fund balance (packet pages 76 – 77) is projected to have a negative $303,000 balance. This number will likely change as decisions are made next week. The Manager's Proposed Budget included approximately $7,500,000 of operating fund balance use as the service reduction decisions were to be made by this body. As the Committee works through Foregone Revenue and the service reduction list, and makes decisions on May 20th, staff will be updating the estimated fund balance as decisions are made.

Ms. Flick pointed out that there is legislation in process (bottom of packet page 76), the fund balance includes the Manager's Proposed Budget which is still in process, and it does not include decisions that were made at tonight's meeting which will impact this estimate. An updated estimate will be provided for the body at the next AFC meeting along with an updated pending list.

8. Information Only: Budget Calendar

E. NEXT MEETING DATE

9. May 13, 2026, at 5:30 PM

F. SUPPLEMENTAL MATERIALS

10. April 1, 2026, Assembly Finance Committee Minutes

11. Additional Passenger Fee Proposal Public Comments

G. ADJOURNMENT

The meeting was adjourned at 8:55 pm.

ADA accommodations available upon request: contact the Clerk's Office (907)586-5278 at least 36 hours prior to a meeting, to request ADA arrangements.

ASSEMBLY FINANCE COMMITTEE MINUTES

May 13, 2026, at 5:30 PM

Assembly Chambers/Zoom Webinar

https://juneau.zoom.us/j/93917915176 or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

The meeting was called to order at 5:32 pm by Chair Woll

B. ROLL CALL

Committee Members Present: Christine Woll (Chair); Mayor Beth Weldon; Greg Smith; Paul Kelly; Maureen Hall; Neil Steininger; Nathaniel (Nano) Brooks; Ella Adkison; Alicia Hughes-Skandijs

Committee Members Absent: None

Staff Members Present: Angie Flick, Finance Director; Adrien Wendel, Budget Manager, Emily Wright, Municipal Attorney

Staff Members Present Virtually: Katie Koester, City Manager; Robert Barr, Deputy City Manager

C. APPROVAL OF MINUTES

1. April 1, 2026, Assembly Finance Committee

The April 1, 2026 minutes were approved as presented.

D. AGENDA TOPICS

2. Foregone Revenue

Chair Woll stated that the Assembly has fast-tracked the Foregone Revenue discussion (packet pages 20 – 52 and 65 – 72) due to the significant budget deficit the City is facing and the need to find opportunities to increase revenue.

Finance Director Angie Flick stated that the memo outlines important details related to these ordinances and noted a few items to highlight. She stated that items related to property tax will not have an impact on the FY27 budget because these items are already in play to set the base property valuation for FY27 taxes. They can be moved forward, however the impact will be on the FY28 budget. The sales tax ordinances have been drafted in coordination with Municipal Attorney Emily Wright in such a way that they will take effect on October 1, 2026, due to the quarterly reporting nature of sales tax revenue. If any of the sales tax items are moved forward at this meeting, they will be introduced on June 8, and up for public testimony on June 27, thereby giving staff time to share the appropriate information with merchants and enact the changes as effective on October 1, 2026.

In terms of the financial impact of these potential changes, the memo (packet page 20) shows the annualized impact of the sales tax changes, and the FY27 amounts are 75% of the FY28 annualized amounts as only the 2nd, 3rd, and 4th quarters of FY27 would experience the changes. Ms. Flick explained that even if something is moved to the full Assembly tonight, the budget will not be amended for that additional revenue until the change is passed by the Regular Assembly.

Assemblymember Smith asked if the property tax code changes would need to be in effect prior to January 1, 2027, to impact FY28. Ms. Flick confirmed that is accurate.

The following ordinances were brought up for consideration for introduction at the June 8 Regular Assembly meeting:

a. Ordinance 2026-XX: An Ordinance Amending the Real and Personal Property Tax Code to Adjust the Commercial Fixed-Wing and Rotary-Wing Aircraft Flat Tax (Attachment A, packet pages 24 – 25)

   Mayor Weldon requested an explanation of the Consumer Price Index (CPI) wording in the ordinance. Municipal Attorney Emily Wright explained that CBJ has not adjusted this tax for the CPI in almost 15 years. If there were a 15- year CPI increase all at one time, it would be a large amount of money to hit taxpayers suddenly. Consequently, a decision was made to incrementally adjust the tax for CPI, spreading the increase over a period of years. This allows budgets to be adjusted before the full CPI hits, and the tax rate will be at the correct and up-to-date CPI by 2028.

   Motion: by Mayor Weldon to move Ordinance 2026-XX Attachment A – An Ordinance Amending the Real and Personal Property Tax Code to Adjust the Commercial Fixed Wing and Rotary-Wing Aircraft Flat Tax to the full Assembly.

   Motion passed by unanimous consent.

b. Ordinance 2026-XX: An Ordinance Amending the Real and Personal Property Tax Code to Amend Property Tax Exemptions for Non-Commercial Vessels and Define the Tax Rate for Commercial Vessels (Attachment B, packet pages 26 – 28)

   Assemblymember Smith asked why length is being used for valuation of the vessels rather than a value-based assessment. Ms. Wright explained that tax code in other regional communities was considered while researching and writing this ordinance. Using length for valuation is a common practice in similar coastal communities in Southeast Alaska including Homer. Docks and Harbors also uses vessel length-based valuations.

   Ms. Flick clarified that fixed wing and rotary wing aircraft are self-reported through the business personal property tax process and they are valued by weight. Commercial water vessels would also be self-reported (in a similar taxation process), however, their valuation will be based on weight. Commercial shipping and fishing entities would report their vessels, along with length, in their business personal property tax submissions.

Ms. Wright clarified that the tax status for property that is "moveable" is determined by whether it is "usually, normally, or regularly" kept within the CBJ, and for intermittent items, if it is kept or used within the CBJ for 90 days or more during the 12 months immediately preceding the January 1st assessment date. Additionally, if property is taxed in another jurisdiction, and the owner can provide proof of that tax payment, there is a method and formula to reduce the tax valuation to prevent double taxation.

Motion: by Mayor Weldon to move Ordinance 2026-XX Attachment B – An Ordinance Amending the Real and Personal Property Tax Code to Amend Property Tax Exemptions for Non-Commercial Vessels and Define the Tax Rate for Commercial Vessels to the full Assembly.

Objection: by Chair Woll for the purpose of an amendment.

Amendment #1: by Assemblymember Woll to amend the original motion to exempt commercial fishing vessels from the commercial property tax (as reflected in the proposed amendment on packet page 71).

Assemblymember Smith disclosed that he works for the Alaska Seafood Marketing Institute whose mission is to increase the value of Alaska seafood resources and works with commercial fishing vessels and fisherman. He checked with the City Attorney regarding this association related to this ordinance, and it was determined that as there is no substantial financial or personal interest, there is not a conflict with him voting on this ordinance.

Amendment #1 passed by unanimous consent.

Objection to original motion, as amended: by Assemblymember Steininger for the purpose of an amendment.

Amendment #2: by Assemblymember Steininger to amend the original motion to include exempting freight vessels with a valid USCG Certificate of Documentation engaged in barge and cargo hauling services to and from the CBJ (as reflected in the proposed amendment on packet page 72).

Objection: by Assemblymember Brooks.

Roll Call Vote on Amendment #2
Ayes: Steininger, Smith, Hall, Adkison, Mayor Weldon, Hughes-Skandijs, Kelly
Nays: Brooks, Chair Woll

Amendment #2 passed. Seven (7) Ayes, Two (2) Nays.

Objection: to original motion, as amended by Assemblymember Hughes-Skandijs for the purpose of an amendment.

Amendment #3: by Assemblymember Hughes-Skandijs to amend the motion to direct staff to correct the ordinance by adding CPI language similar to the CPI language used in Attachment A.

Amendment #3 passed by unanimous consent.

Original motion, as amended by Amendments #1, #2, and #3, passed by unanimous consent.

c. Ordinance 2026-XX: An Ordinance Amending the Uniform Sales Tax Code to Increase the Cap on Single Goods and Services Under CBJC 69.05.040 (Attachments C-1 and C-2, packet pages 29 - 34)

Chair Woll explained that there are two versions of this ordinance. Attachment C-1 would change the cap to $30,000 and Attachment C-2 would remove the cap altogether.

Assemblymember Hughes-Skandijs asked about an option that was discussed with staff previously to keep the exemption for building construction contractors, and if this was an option for an amendment. Chair Woll responded that it is an option and asked staff where the existing exemption for construction is cared for or if it was by default because of the cap.

Ms. Flick responded that construction projects may have other exemptions based on the building permit that is acquired. Consequently, not all building permits provide for full tax exemption, though some do.

Motion: by Mayor Weldon to move Ordinance 2026-XX Attachment C-1 An Ordinance Amending the Uniform Sales Tax Code to Increase the Cap on Single Goods and Services Under CBJC 69.05.040 to the full Assembly.

Objection: by Assemblymember Brooks for the purpose of an amendment.

Amendment #1: by Assemblymember Brooks to update ordinance sections #21 and #22 to reduce the amount from $30,000 to $20,000.

Objection: by Assemblymember Steininger.

Roll Call Vote on Amendment #1
Ayes: Brooks
Nays: Steininger, Mayor Weldon, Smith, Hughes-Skandijs, Adkison, Kelly, Hall, Chair Woll

Amendment #1 failed. One (1) Aye, Eight (8) Nays.

The Committee took a five-minute at ease.

Objection: by Assemblymember Steininger to the original motion for purposes of an amendment.

Amendment #2: by Assemblymember Steininger to amend the motion to change the title from "An Ordinance Amending the Uniform Sales Tax Code to *Increase* the Cap on Single Goods and Services under CBJC 69.05.040" to "An Ordinance Amending the

Uniform Sales Tax Code to *Amend* the Cap on Single Goods and Services under CBJC 69.05.040."

Objections: by Assemblymembers Brooks and Kelly.

Roll Call Vote on Amendment #2
Ayes: Steininger, Adkison, Hall, Mayor Weldon, Hughes-Skandijs, Smith, Chair Woll
Nays: Brooks, Kelly

Amendment #2 passed. Seven (7) Ayes, Two (2) Nays.

The Committee members discussed the ordinance options and the impact they would have on the City's budget. Assemblymember Brooks has concerns that increasing the cap will have a negative impact on affected industries. Assemblymembers Kelly and Hughes-Skandijs stated that removing the exemptions will increase the City's revenue, this is a good solution to the budget issues currently being faced, and this option is better than cutting services that taxpayers enjoy. Assemblymember Hughes-Skandijs added that this can be changed at a later point in time if the impact is too drastic. Mayor Weldon and Assemblymember Hall stated that they prefer the C-1 option over C-2. Assemblymember Smith prefers a slower change rather than a more drastic one. Assemblymember Brooks cautioned against setting a precedent that could result in exemptions being granted to industries that do not need them.

Original motion, as amended by Amendment #2, passed by unanimous consent.

Motion: by Assemblymember Smith to introduce Ordinance 2026-XX Attachment C-1, as amended, at a Special Assembly meeting to be scheduled between May 21 and May 26t and have it up for public hearing/action on June 8.

Motion passed by unanimous consent.

The Committee recessed at 6:44 pm
The Committee reconvened at 6:57 pm.

d. Ordinance 2026-XX An Ordinance Amending the Uniform Sales Tax Code Exemptions Under CBJC 69.05.040 (to Exempt Non-Profit Sales) (Attachment D, original on packet page 34. Corrected version packet pages 66 – 70)

Ms. Wright explained that the original version on page 34 incorrectly included bingo with lotteries and pull tabs as "not exempt." Bingo is meant to be exempt by the request of the foregone revenue team. The corrected version (packet page 66 - 69) has updated Subsection 15, to include "thrift stores, raffle tickets, *bingo*, silent auctions…" as exempt.

Assemblymember Hall declared a potential conflict of interest as she is on the Board of St. Vincents which has a thrift store as part of their operations. She has spoken with the City Attorney regarding this situation, and it has been determined that this does not constitute a personal or financial conflict. The other Committee members disclosed their relationships and participation with Boards and non-profit organizations, and no substantial personal or financial conflicts were determined regarding this ordinance.

Motion: by Mayor Weldon to keep Ordinance 2026-XX Attachment D An Ordinance Amending the Uniform Sales Tax Code Exemptions under CBJC 69.05.040 (removing exemption for non-profit sales) in Finance Committee for continued work.

Objection: by Assemblymember Smith for the purpose of an amendment.

Amendment #1: by Assemblymember Smith to amend the motion to introduce the ordinance at the regular Assembly meeting on June 8 and refer it back to the Finance Committee for further work and discussion.

Objection: by Assemblymember Brooks.

Roll Call Vote on Amendment #1
Ayes: Smith, Kelly, Mayor Weldon, Hughes-Skandijs, Adkison, Steininger, Hall
Nays: Brooks, Chair Woll

Amendment #1 passed. Seven (7) Ayes, Two (2) Nays.

Objection: by Assemblymember Brooks to the original motion, as amended.

Roll Call Vote on the Original Motion as Amended
Ayes: Mayor Weldon, Smith, Hall, Adkison, Hughes-Skandijs, Steininger
Nays: Brooks, Kelly, Chair Woll

Original motion, as amended by Amendment #1 passed. Six (6) Ayes, Three (3) Nays.

e. Ordinance 2026-XX: An Ordinance Amending the Real and Personal Property Tax Code to Repeal the Historic Property Repair Exemptions (Attachment E, packet pages 39 - 40)

Motion: by Assemblymember Smith to move Ordinance 2026-XX Attachment E An Ordinance Amending the Real and Personal Property Tax Code to Repeal the Historic Property Repair Exemptions to the full Assembly.

Motion passed by unanimous consent.

f. Ordinance 2026-XX: An Ordinance Amending the Uniform Sales Tax Code to Repeal the Exemption of Agent Commissions for Negotiated Sale or Lease Under CBJC 69.05.040 (to Modify Geographic Parameter of Sale of Goods Aboard Cruise Ships) (Attachment F, packet pages 41 – 43)

Motion: by Assemblymember Smith to move Ordinance 2026-XX Attachment F An Ordinance Amending the Uniform Sales Tax Code to Modify the Geographic Parameters for the Sale of Goods Aboard Cruise Ships Under CBJC 69.05.040 to the full Assembly for introduction on June 8.

It was clarified that the map included for Attachment F (packet page 43) is for example purposes only, the red circle does not designate the actual geographic area parameters, and that maps are not included in ordinance documents.

Objection: by Assemblymember Hughes-Skandijs for the purpose of an amendment.

Amendment #1: by Assemblymember Hughes-Skandijs to amend the motion to introduce the ordinance at the special meeting between May 21 and May 26 instead of the regular meeting on June 8.

Amendment #1 passed by unanimous consent.

Original motion, as amended by Amendment #1, passed by unanimous consent.

g. Ordinance 2026-XX: An Ordinance Amending the Uniform Sales Tax Code to Repeal the Exemption of Agent Commissions for Negotiated Sale or Lease Under CBJC 69.05.040 (Attachment G, packet pages 44 – 45)

Motion: by Assemblymember Smith to move Ordinance 2026-XX Attachment G An Ordinance Amending the Uniform Sales Tax Code to Repeal the Exemption of Agent Commissions for Negotiated Sale or Lease Under CBJC 69.05.040 to the full Assembly for introduction on June 8.

Motion passed by unanimous consent.

h. Ordinance 2026-XX: An Ordinance Amending the Uniform Sales Tax Code to Repeal the Exemption of Commission Charged by an Agent of Travel, Lodging, or Tours Under CBJC 69.05.040 (Attachment H, packet pages 46 – 47)

Motion: by Assemblymember Smith to move Ordinance 2026-XX Attachment H An Ordinance Amending the Uniform Sales Tax Code to Repeal the Exemption of Commission Charged by an Agent of Travel, Lodging, or Tours Under CBJC 69.05.040 to the full Assembly for introduction on June 8.

Objection: by Assemblymember Hughes-Skandijs for the purpose of an amendment.

Amendment #1: by Assemblymember Hughes-Skandijs to amend the motion to introduce the ordinance at the special meeting between May 21 and May 26 instead of the regular meeting on June 8.

Amendment #1 passed by unanimous consent.

Original motion, as amended by Amendment #1, passed by unanimous consent.

i. Ordinance 2026-XX An Ordinance Amending the Real and Personal Property Tax Code to Adjust the Senior Citizen and Disabled Veteran Hardship Exemption (Attachment I, packet pages 48 - 50)

Motion: by Assemblymember Smith to move Ordinance 2026-XX Attachment I An Ordinance Amending the Real and Personal Property Tax Code to Adjust the Senior

Citizen and Disabled Veteran Hardship Exemption to the full Assembly for introduction on June 8.

Objection: by Assemblymember Smith for the purpose of an amendment.

Amendment #1: by Assemblymember Smith to amend the motion to refer the ordinance back to the Assembly Finance Committee after introduction.

Objection: by Mayor Weldon.

Roll Call Vote on Amendment #1

Ayes: Smith, Steininger, Hall, Chair Woll
Nays: Mayor Weldon, Brooks, Hughes-Skandijs, Kelly, Adkison

Amendment #1 failed. Four (4) Ayes, Five (5) Nays

Objection to original motion by Assemblymember Brooks.

Roll Call Vote on Original Motion

Ayes: Adkison, Mayor Weldon, Hughes-Skandijs, Steininger, Chair Woll
Nays: Brooks, Smith, Hall, Kelly

Original motion passed. Five (5) Ayes, Four (4) Nays

j. Ordinance 2026-XX An Ordinance Amending the Uniform Sales Tax Code to Repeal the Sellers' Compensatory Collection Amount (Attachment J – packet pages 51 – 52)

Motion: by Assemblymember Smith to move Ordinance 2026-XX Attachment J An Ordinance Amending the Uniform Sales Tax Code to Repeal the Sellers' Compensatory Collection Amount to the full Assembly for introduction on June 8.

Objection: by Assemblymember Brooks for the purpose of an amendment.

Amendment #1: by Assemblymember Brooks to amend the motion to introduce the ordinance at the special meeting between May 21 and May 26 instead of the regular meeting on June 8.

Amendment #1 passed by unanimous consent.

Original motion, as amended by Amendment #1, passed by unanimous consent.

The Committee recessed at 7:40 pm
The Committee reconvened at 7:477 pm.

3. Service Reduction Continuations

Chair Woll introduced the service reduction continuation discussion, noting that there are many ways to go through this budget process and it is possible to make amendments to the budget up until the Assembly votes to pass the final budget on June 8, 2026. She stated that the Committee members have a list of budget items from which they were asked to come up with $2,000,000 worth of spending cuts (FY27 Service Reduction Summary, packet pages 53 – 54). She proposed that at this meeting, the Body works to reduce this list and narrow it down so that the next AFC meeting's "pending list" is closer to final decisions to send to the full Assembly for final action as a complete budget. This means that items that need more thought, discussion, and debate will go to the pending list. This will serve to create a shorter list for consideration and provide the public with a better understanding of which topics are up for deliberation so they can focus their advocacy on the topics they consider most important.

Assemblymember Kelly asked for clarification regarding items going to the pending list, and if they are being pended to consider cutting them or for funding them. Chair Woll answered that items could be pended for funding reductions or increases. The associated motion should make that clear.

Assemblymember Brooks asked if that means the items that are not moved to the pending list from this meeting are dead. Chair Woll answered that nothing on this list would be dead, however, if not moved forward, this means the Body is not planning to consider them for the FY27 budget. However, it is within the right of an Assemblymember to pull something that died at this meeting up for consideration at another time. The idea is to give each other, and the public, an idea of which items are still on the table for possible cuts or funding for the FY27 budget cycle.

Chair Woll suggested starting with the revenue items that are at the end of the list (packet page 54) as they were previously discussing revenue ordinances.

<u>Motion</u>: by Mayor Weldon to move that FY27 Service Reduction Summary items #35-38 (#35 – Sell Mayflower Building, #36 – Sell Parking Lot at Gold St and 8th, #37 – Sell Eagle Valley Center, #38 – Sell Dimond Park Landscaping Building) be held in Committee and not go to the Pending List.

Motion passed by unanimous consent.

<u>Motion</u>: by Mayor Weldon to move Item #39 – Utility Rate Increase to Offset/Decrease GF Support to the Pending List.

Chair Woll asked Staff to clarify how this would impact the FY27 budget. Ms. Flick stated that this revenue increase suggestion is a utility rate increase to offset or decrease General Fund support over a period of five years. She added that if the Committee would like to consider this more, she suggests moving it to the pending list. Staff would work with Manager Koester and Director Koch to define precise actions to implement this for FY27. Ms. Koester explained that there is $1,700,000 in the Capital Improvement Plan (CIP) for underground utility infrastructure. If the Assembly wanted to move forward with increasing utility rates, those funds could be freed up for other uses.

Mayor Weldon spoke against her motion, stating that an increase to the utility rate goes against last year's ballot measure that gave a sales tax exemption to residential utilities, and she believes this could be cared for in other ways, perhaps a water-sewer bond.

Assemblymember Hughes-Skandijs spoke in support of the motion as utility rates have not increased in over a decade, which is impacting the health of the utility infrastructure including wastewater treatment and the water system.

Objection: by Assemblymember Kelly.

The Body continued to discuss the motion.

Roll Call Vote on Original Motion
Ayes: Hall, Adkison, Hughes-Skandijs, Steininger
Nays: Kelly, Smith, Mayor Weldon, Brooks, Chair Woll

Motion failed. Four (4) Ayes, Five (5) Nays

Motion: by Mayor Weldon to move Item #40 – Lease Douglas Fire Station to the Pending List.

Motion passed by unanimous consent.

Motion: by Mayor Weldon to move Item #41 – Create Cat License requirement/program to offset costs of funding animal control to the Pending List.

Mayor Weldon spoke in opposition to her motion due to estimates that the cost of enforcement would likely be more than the revenue it would bring.

Mayor Weldon withdrew the motion.

Chair Woll recommended that for the service reduction items discussion (Service or Expense Reductions, packet page 53 - 54) the group start with items listed that have agreement between five or more members, then move on to discuss other items that members would like to review.

Ms. Hughes-Skandijs asked about the process where members agree about a motion yet have different ideas for the dollar amount. Chair Woll recommend that these items move to the pending list to debate the dollar range later.

Motion: by Mayor Weldon to move Item #1 – Reduce JEDC Grant (range $40,000 to $440,000) to the Pending List.

Objection: by Assemblymember Kelly.

Roll Call Vote on Original Motion
Ayes: Mayor Weldon, Steininger, Adkison, Hughes-Skandijs, Smith, Brooks, Chair Woll
Nays: Kelly, Hall

Motion passed. Seven (7) Ayes, Two (2) Nays

Motion: by Mayor Weldon to move Item #2 – Reduce Travel Juneau Grant from Hotel Bed

Tax (range $50,000 to $700,000) to the Pending List.

Motion passed by unanimous consent.

<u>Motion</u>: by Mayor Weldon to move Item #3 – Reduce Juneau Community Foundation Grant (range $100,000 to $300,000) to the Pending List.

Objection by Assemblymember Smith.

<u>Roll Call Vote on Original Motion</u>
Ayes: None
Nays: Mayor Weldon, Smith, Adkison, Brooks, Hall, Hughes-Skandijs, Steininger, Kelly, Chair Woll

Motion failed. Zero (0) Ayes, Nine (9) Nays

<u>Motion</u>: by Mayor Weldon to move Item #4 – Reduce Heat Smart Grant by $20,000 to the Pending List.

Motion passed by unanimous consent.

<u>Motion</u>: by Mayor Weldon to move Item #5 – Reduce Better Capital City (Alaska Committee) Operating Grant by $50,000.

<u>Objection</u>: by Assemblymember Smith for the purpose of an amendment.

<u>Amendment #1</u>: by Assemblymember Smith to amend the motion to make the reduction one-time instead of operating.

Amendment #1 passed by unanimous consent.

<u>Objection</u>: to original motion, as amended, by Assemblymember Adkison.

<u>Roll Call Vote on Original Motion</u>
Ayes: Smith, Kelly, Hall, Hughes-Skandijs, Brooks, Steininger, Chair Woll
Nays: Adkison, Mayor Weldon

Original motion, as amended by Amendment #1, passed. Seven (7) Ayes, Two (2) Nays

<u>Motion</u>: by Mayor Weldon to move Item #6 – Reduce Juneau Arts and Humanities Council Grant (range $50,000 to $100,000) to the Pending List.

<u>Objection</u>: by Assemblymember Smith.

<u>Roll Call Vote on Original Motion</u>
Ayes: Mayor Weldon, Adkison, Hughes-Skandijs, Brooks, Kelly
Nays: Smith, Steininger, Hall, Chair Woll

Motion passed. Five (5) Ayes, Four (4) Nays

<u>Motion</u>: by Mayor Weldon to move Item #7 – Reduce Small Business Development Center Grant (range $3,500 - $28,500) to the Pending List.

Objection by Assemblymember Brooks.

<u>Roll Call Vote on Original Motion</u>
Ayes: Kelly, Hall, Adkison, Hughes-Skandijs, Steininger
Nays: Brooks, Smith, Chair Woll, Mayor Weldon

Motion passed. Five (5) Ayes, Four (4) Nays

<u>Motion</u>: by Assemblymember Hughes-Skandijs to move Item #8 – Eliminate League of Women Voter Grant ($10,000) to the Pending List.

<u>Objection</u>: by Assemblymember Adkison.

<u>Roll Call Vote on Original Motion</u>
Ayes: Hughes-Skandijs, Smith, Chair Woll
Nays: Adkison, Kelly, Steininger, Mayor Weldon, Brooks, Hall

Motion failed. Three (3) Ayes, Six (6) Nays

<u>Motion</u>: by Assemblymember Smith to move Item #9 – Mt Jumbo Facility, with the option to move Facilities Maintenance to Marie Drake and sell Mt. Jumbo Gym to the Pending List.

Motion passed by unanimous consent.

<u>Motion</u>: by Mayor Weldon to move Item #10 – Mothball Augustus Brown Pool to the Pending List.

<u>Objection</u>: by Assemblymember Hall.

<u>Roll Call Vote on Motion</u>
Ayes: Adkison, Hughes-Skandijs, Chair Woll
Nays: Hall, Mayor Weldon, Brooks, Smith, Steininger, Kell

Motion failed. Three (3) Ayes, Six (6) Nays

<u>Motion</u>: by Assemblymember Hughes-Skandijs to move Item #11 – Mothball Dimond Park Aquatic Center to the Pending List.

<u>Objection</u>: by Assemblymember Smith.

<u>Roll Call Vote on Motion</u>
Ayes: Hughes-Skandijs, Adkison
Nays: Smith, Brooks, Mayor Weldon, Steininger, Hall, Kelly, Chair Woll

Motion failed. Two (2) Ayes, Seven (7) Nays

Motion: by Assemblymember Smith to move Item #12 – Stop CIP Work at Dimond Park Field House to the Pending List.

Assemblymember Smith withdrew his motion.

Motion: by Assemblymember Smith to move Item #12 – Mothball or divest Dimond Park Field House to the Pending List.

Objection: by Assemblymember Kelly.

Roll Call Vote on Motion
Ayes: Hughes-Skandijs, Adkison
Nays: Kelly, Smith, Mayor Weldon, Steininger, Hall, Brooks, Chair Woll

Motion failed. Two (2) Ayes, Seven (7) Nays

Motion: by Assemblymember Smith to move Item #13 – Reduce Programming, Staff, and Hours at the City Museum to the Pending List.

Objection: by Mayor Weldon for the purpose of an amendment.

Amendment #1: by Mayor Weldon to amend the motion to add full closure of the City Museum to the Pending List.

Objection: by Assemblymember Brooks.

Roll Call Vote on Amendment #1
Ayes: Mayor Weldon, Adkison, Hughes-Skandijs, Steininger, Chair Woll
Nays: Brooks, Smith, Kelly, Hall

Amendment #1 passed. Five (5) Ayes, Four (4) Nays

Objection to original motion, as amended by Amendment #1, by Assemblymember Brooks.

Roll Call Vote on Motion as Amended by Amendment #1
Ayes: Smith, Steininger, Adkison, Mayor Weldon, Hughes-Skandijs, Kelly, Chair Woll
Nays: Brooks, Hall

Original motion, as amended by Amendment #1, passed. Seven (7) Ayes, Two (2) Nays

Motion: by Mayor Weldon to move Item #14 – Eliminate GF Support for the Arboretum ($41,100) to the Pending List.

Objection: by Assemblymember Smith.

Roll Call Vote on Motion
Ayes: Mayor Weldon, Hall, Adkison, Hughes-Skandijs, Steininger
Nays: Smith, Kelly, Brooks, Chair Woll

Motion passed. Five (5) Ayes, Four (4) Nays

<u>Motion</u>: by Assemblymember Brooks to move Item #21 – Non-Specific Elective Travel and Training Reduction in the range of $75,000 to $410,000 to the Pending List.

<u>Objection</u>: by Mayor Weldon.

<u>Roll Call Vote on Motion</u>
Ayes: Brooks, Smith, Hall, Hughes-Skandijs, Steininger
Nays: Mayor Weldon, Kelly, Adkison, Chair Woll

Motion passed. Five (5) Ayes, Four (4) Nays

<u>Motion</u>: by Assemblymember Adkison to direct staff to bring back forward movement on Item #20 – Direct Implementation of 340B Pharmaceutical Program at a future time.

Assemblymember Hall asked for an explanation of how this motion impacts the City's budget. Ms. Flick answered that the intent of this motion being on the General Fund revenue generation list is to a) have the Assembly direct Bartlett Regional Hospital (BRH) to proceed with doing the requirements to implement the program and b) return the savings to the Risk Fund. The Risk Fund houses the City's health benefits, which would provide a General Fund benefit as well as a benefit to all the City's employees and all the funds covered within the health plan. Specific directions to BRH may also include instructions to ensure the saving from this program come back to the Risk Fund and not just be a revenue generator for the hospital alone.

Motion passed by unanimous consent.

<u>Motion</u>: by Assemblymember Smith to move Item #19 – Affordable Housing Fund Contribution Reduction in the range of $50,000 to $250,000 to the Pending List.

<u>Objection</u>: by Assemblymember Hughes-Skandijs.

<u>Roll Call Vote on Motion</u>
Ayes: Smith, Hall, Mayor Weldon, Brooks, Steininger
Nays: Hughes-Skandijs, Kelly, Adkison, Chair Woll

Motion passed. Five (5) Ayes, Four (4) Nays

<u>Motion</u>: by Mayor Weldon to move Item #32 – Eliminate 0.5 Full Time Equivalent (FTE) of Administrative Support in the Administration Department to the Pending List.

<u>Objection</u>: by Chair Woll.

<u>Roll Call Vote on Motion</u>
Ayes: Mayor Weldon, Smith, Hall, Hughes-Skandijs, Brooks, Steininger
Nays: Chair Woll, Kelly, Adkison

Motion passed. Six (6) Ayes, Three (3) Nays

<u>Motion</u>: by Assemblymember Hughes-Skandijs to move Item #28 – Eliminate GF Subsidy to Bartlett to the Pending List.

Motion passed by unanimous consent.

<u>Motion</u>: by Assemblymember Hall to move Item # 30 – Reduce GF Funding of Accessory Dwelling Unit Grants to the Pending List.

Objection by Assemblymember Hughes-Skandijs.

<u>Roll Call Vote on Motion</u>
Ayes: Hall, Brooks, Mayor Weldon, Smith, Steininger
Nays: Hughes-Skandijs, Adkison, Kelly, Chair Woll

Motion passed. Five (5) Ayes, Four (4) Nays

<u>Motion</u>: by Assemblymember Steininger to move Item #24 - Transfer Prosecution Back to the State and Reduce Law Staff and Contracts to the Pending List.

<u>Objection</u>: by Assemblymember Adkison.

<u>Roll Call Vote on Motion</u>
Ayes: Steininger, Smith
Nays: Adkison, Brooks, Mayor Weldon, Hall, Hughes-Skandijs, Kelly, Chair Woll

Motion failed. Two (2) Ayes, Seven (7) Nays

<u>Motion</u>: by Assemblymember Brooks to move Item #22 – Landscape Reductions in the range of $75,000 to $600,000 to the Pending List.

<u>Objection</u>: by Assemblymember Kelly.

<u>Roll Call Vote on Motion</u>
Ayes: Brooks, Smith, Adkison, Hughes-Skandijs, Steininger, Chair Woll
Nays: Kelly, Hall, Mayor Weldon

Motion passed. Six (6) Ayes, Three (3) Nays

<u>Motion</u>: by Assemblymember Smith to extend the meeting until 10:20 pm.

Motion passed by unanimous consent.

The Committee recessed at 9:53 pm
The Committee reconvened at 9:59 pm.

4. Eaglecrest Budget Amendments

Ms. Flick explained that the Manager's Proposed Budget includes a budget for Eaglecrest which is the Eaglecrest Board's original budget proposition (packet page 57). It includes 40.9 FTEs and a proposed deficit of $2,660,000. If the Body does not make changes at this meeting or the next, this is the Eaglecrest budget that will be included in the FY27 Manager's Proposed Budget. For this to take place, along with proposed legislation, a resolution to increase the Restricted Budget Reserve so that the full amount of the Eaglecrest Fund deficit of $5,352,900 can be restricted, and this would require Resolution 4040 for $2,307,100.

Ms. Flick noted that Eaglecrest also provided alternative budget proposals that were presented previously (packet page 58). She reminded the Body that as they discuss the potential Eaglecrest budget, some things to consider are changes to expense authority, service reductions, and contemplating the impact such changes may have on Eaglecrest's revenue.

Ms. Flick added that the memo provides information about the fund balance and the requirement to have a reserve in place if things are operating at a deficit. There is also an explanation of the difference between subsidy, and the fund balance operating at a deficit.

Motion: by Assemblymember Smith to accept the Eaglecrest budget scenario shown on packet page 59 with a $1,680,000 one-time General Fund contribution and no negative fund balance.

Objection: by Assemblymember Hughes-Skandijs.

The Body discussed the motion, with Assemblymembers Smith, Steininger, Hall, Kelly, and Mayor Weldon supporting it due to Eaglecrest's importance and popularity in the community.

Assemblymember Steininger stated this is not an insignificant reduction and is a cut of over half of the General Fund support to Eaglecrest compared to their original proposed budget.

Assemblymember Hughes-Skandijs spoke against it due to lack of spending cuts having been found in other areas at this point in time and serious concerns about how the budget numbers are going to be balanced.

Assemblymember Adkison stated that she could support this because it is a reduction in Eaglecrest support from CBJ and she does not want the City to spend $930,000 for Eaglecrest to end up shutting down due to lowered funding. She does agree with Assemblymember Hughes-Skandijs that the Body must commit to cutting costs to meet their goal of reducing operating costs by $2,000,000. She disagreed with Assemblymember Steininger's statements that this option is reducing the general fund budget. The budget was allowing Eaglecrest to go negative, and this would be reducing Eaglecrest's funding, but it would be almost doubling the amount of taxpayer dollars that go to Eaglecrest.

Roll Call Vote on Motion
Ayes: Smith, Kelly, Steininger, Adkison, Mayor Weldon, Brooks, Hall
Nays: Hughes-Skandijs, Chair Woll

Motion passed. Seven (7) Ayes, Two (2) Nays

Motion: by Assemblymember Smith to extend the meeting until 10:25 pm.

Motion passed by unanimous consent.

5. **Information Only: Pending List** (packet page 60)

6. **Information Only: Fund Balance** (packet page 61)

7. **Information Only: Budget Calendar** (packet page 63)

E. NEXT MEETING DATE

8. **May 20, 2026, at 5:30 PM**

F. SUPPLEMENTAL MATERIALS

9. **Forgone Revenue Attachments C-1: Single Good/Service Sales Tax Cap to $30,000 – Paul Kelly Proposed Amendment**

10. **Foregone Revenue Attachment D: Retail Sales by Non-Profits and Governments – Corrected to Exempt Bingo**

11. **Foregone Revenue Attachment D: Retail Sales by Non Profits and Governments – Mayor Weldon proposed Amendment**

12. **Foregone Revenue Attachment B: Commercial Vessels - Chair Woll Proposed Amendment**

13. **Foregone Revenue Attachment B: Commercial Vessels – Neil Steininger Proposed Amendment**

G. ADJOURNMENT

The meeting was adjourned at 10:25 pm.

ADA accommodations available upon request: contact the Clerk's Office (907)586-5278 at least 36 hours prior to a meeting, to request ADA arrangements.

ASSEMBLY FINANCE COMMITTEE MINUTES

May 20, 2026, at 5:30 PM

Assembly Chambers/Zoom Webinar

https://juneau.zoom.us/j/93917915176 or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

The meeting was called to order at 5:32 pm by Chair Woll

B. ROLL CALL

Committee Members Present: Christine Woll (Chair); Mayor Beth Weldon; Greg Smith; Paul Kelly; Maureen Hall; Neil Steininger; Nathaniel (Nano) Brooks; Alicia Hughes-Skandijs

Committee Members Present Virtually: Ella Adkison

Committee Members Absent: None

Staff Members Present: Robert Barr, Deputy City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager, Emily Wright, Municipal Attorney; Marc Wheeler, Parks and Recreation Director; Thomas Hatley, Chief, Capital City Fire/Rescue

Staff Members Absent: Katie Koester, City Manager

Others Present: Liz Perry, Travel Juneau President and CEO, Maggie McMillan, Juneau Arts and Humanities Council Executive Director; Sandy Hussain, Juneau Small Business Development Center Director

C. AGENDA TOPICS

1. FY27 Financial Position Review

Chair Woll stated that she had asked the CBJ Finance staff to provide a review of the City's fund balance, operating deficit, CBJ's current budgeting dilemma and an overview of events that led to this situation, and related directions from prior meetings. Finance Director Angie Flick provided the CBJ's FY27 financial position review (packet pages 2 – 13). She stated that best practice and normal operating procedure is to have ongoing, everyday revenues cover the day-in, day-out recurring expenses. Due to significant revenue decreases from the ballot measures and incomplete revenue data related to these changes, a measured approach to the FY27 budget is warranted. Prior Assemblies were conservative, which led to leeway where some fund balance was available for use this year. Consequently, recurring revenue plus some fund balance was used to cover recurring expenses. The decision to do so was made deliberately and with much consideration to cover the budget deficit that resulted from the mill rate cap and sales tax reduction ballot measures.

This budget gap was discussed at the annual AFC retreat in December 2025. The Body provided staff with some direction to reduce expenses and increase revenues based on available information and best estimates at that time. These directions included asking the Manager to come up with $3,000,0000 to $4,000,000 in reductions by reworking operating expenses related to staffing positions (Full-Time Equivalents, or FTEs), supplies, services, travel and training costs, and fleet planning and expenses. Additionally, the Body gave itself an assignment to determine how to reduce the costs of CBJ provided services by $2,000,000 to $4,000,000 and increase revenues by $2,000,000. Even with these measures, it was acknowledged that between $1,200,000 and $4,200,000 of fund balance would need to be used in FY27 to cover the deficit.

At the April 11 budget retreat, it was demonstrated that Katie Koester, City Manager, was able to come up with $3,900,000 in cost reductions (almost the top of the goal that was set for her) and increase revenues by $2,300,000, beating the goal of $2,000,000. At that point in time, updated actual information was available allowing for updated estimates. Due to increased property values, it was determined that property tax revenues would not be decreasing due to the mill rate cap. However, softer than expected sales tax revenues were making this situation even worse than anticipated from just the sales tax exemptions alone. With this updated information, it was determined that the Manager's Proposed Budget for FY27 would likely need $7,700,000 which was a sharp increase from the original estimate of $1,200,000 to $4,200,000. This scenario would likely leave the projected FY27 Unrestricted General Fund Balance at $9,400,000. With these updated estimates, the Body determined that they would need to find additional cost cutting or revenue sources.

Chair Woll asked if Ms. Flick would review the Capital Improvement Program (CIP) spending reduction discussion. Ms. Flick stated that currently, the City has a 5% sales tax. Of this, 1% is permanent and is allocated to be used for operating expenses, 3% is divided between CIP and operating expenses, and there is a temporary 1% that is exclusively for one-time CIP projects. The new sales tax exemptions reduce CBJ's revenue from all these categories. At the December retreat, directions were given to acknowledge some reduction in regular CIP maintenance spending, but to minimize the impacts as much as possible. This included regular, ongoing maintenance for Juneau School District (JSD), Parks and Recreation, Eaglecrest, etc., which typically receive regular CIP funding for maintenance. To offset some of this spending, the Manager decided that some projects would not move forward. In the CIP resolution, these cut projects provide a $4,400,000 reduction in CIP spending for FY27. Unless something changes, such as the allocation of the 3%, or how the temporary 1% is used, the City will be facing this loss of revenue in future years, and it will be an ongoing issue.

Ms. Flick continued the financial position review, referring to the FY27 chart with changes as of April 11, 2026 (packet page 10, note these charts start at $100,000,000 at the bottom). Four sales tax exemptions were proposed to be introduced at a Special Meeting, go up for public hearing, then be acted upon on June 8, 2026. These are ordinances amending the sales tax cap (revenue estimate not determined), geographic parameters of cruise ship sales (revenue estimate not determined), commissions for agents of travel, lodging, and tours (roughly $300,000 added revenue), and elimination of the $30 compensation for filing taxes online (roughly $170,000 added revenue). These changes potentially account for an estimated additional $400,000 in revenue, and corrected charts were made to assist with the Body's future decisions (corrected charts in supplementary materials on packet pages 52 – 56). Ms. Flick noted that for two of these proposed measures (cruise ship sales and the sales tax cap), there is no good method to estimate the possible increase in revenue due to variables and unknowns.

Changes to the operating expense side of the budget include increased funding for the emergency shelter to make that annual, and the public defender contract, which added $700,000 of expense. Consequently, the use of the fund balance will likely increase from $7,700,000 to $8,000,000. At this point, the projected ending fund balance is negative $1,700,000. If the proposed ordinances pass, that will add $400,000 revenue, moving the fund balance to at least negative $1,300,000.

Ms. Flick provided two purely hypothetical, though not likely, scenarios (packet pages 53 – 54). One looks at a scenario where all pending list items are approved at the lowest range, this would reduce the use of the fund balance for operating expenses down from $8,000,000 to $6,900,000, bringing the ending fund balance to $4,900,000 if the proposed ordinances are approved. The other looks at if everything from the pending list were approved at the highest dollar range. This would reduce the use of the fund balance for operating expenses down from $8,000,000 to $4,500,000, with an ending fund balance of $6,900,000.

Assemblymember Brooks asked if the "gap and progress" slide (page 52) factors in the payment to end the Revenue Sharing Agreement (RSA) with Goldbelt for the gondola project. Ms. Flick responded that the RSA payment in the amount of $9,500,000 to Goldbelt is cared for in the fund balance (packet page 51).

Ms. Flick stated Finance staff face a difficult challenge in estimating projected sales tax revenue loss due to the ballot initiative changes. The FY26 sales tax annual total forecasts were updated on April 11, 2026 (packet page 55), showing a comparison between the original budgeted amount, the forecast, the forecast with the ballot initiative exemptions (down $9,000,000 from the originally budgeted amount) and FY26 Q1 and Q2 actuals.

For FY26, $2,700,000 in lost revenue was anticipated due to the new food and utility tax exemptions that were enacted in October 2026, however, a drop of $2,300,000 has been realized. This may change as there are some merchants who did not report exemptions which was unexpected due to the nature of their businesses. Follow up with these businesses will be done to confirm if this was correct or in error. In January – March 2026, actual collections exceeded estimated projections (packet page 56). This may be due to inflation (higher costs yield higher sales tax), people stocking up on items due to the winter snowstorms, and/or other reasons.

The group continued discussing the topic.

2. Pending List – For Action

The Committee discussed the budgetary challenges that CBJ is facing, their goals and sentiment regarding the decisions that will need to be made, voting with their principles, and acknowledging that many of the necessary cuts will be difficult and unpopular. They talked about goals for a reasonable and feasible positive ending fund balance. They would like to consider and respect the public feedback that was received from the outreach done by Communications as much as possible. They discussed prioritizing cuts for things that could survive and come back to be funded later, in better times, rather than making choices (closing services, facilities, and letting go of staff) that will be difficult or impossible to reverse in the future.

Chair Woll explained that the pending item list starts with recurring operating expenses and ends with one-time expenses, and that the items in these sections are listed from largest to smallest amounts for consideration (packet pages 14 – 16).

a. **Motion: by Mayor Weldon to make a one-time reduction to the Travel Juneau Hotel Bed Tax (HBT) grant in the amount of $700,000.**

   Objection: by Assemblymember Brooks for the purpose of an amendment.

   Amendment #1: by Assemblymember Brooks to reduce the Travel Juneau HBT grant by $400,000 on a recurring basis.

   Objection: by Mayor Weldon.

   The Committee discussed the topic.

   Travel Juneau President and CEO Liz Perry discussed the impact that these potential cuts would have on the organization. She stated that in prior discussions regarding potential reductions to Travel Juneau's funding, a 30% cut was mentioned, and she made an alternate budget accounting for a 30% cut. She stated that with other reductions that number increased to 37%. She stated that this will be very challenging. She added that over 37% in cuts would put Travel Juneau and CBJ out of the travel industry marketplace with no travel, trade shows, or association dues. This level of cuts would lock them out of the marketplace for two to three years, and restarting the level of marketing they have previously been doing will take time. This level of fund reduction will impact Travel Juneau's small staff. Flexible Independent Travelers (FIT) will decline, as will meetings and group travel to Juneau, along with the revenue they bring to the CBJ.

   Roll Call Vote on Amendment #1
   Ayes: Brooks, Smith, Kelly, Hall, Steininger
   Nays: Mayor Weldon, Adkison, Hughes-Skandijs, Chair Woll

   Amendment #1 passed. Five (5) Ayes, Four (4) Nays

   The original motion, as amended by Amendment #1, passed by unanimous consent.

b. **<u>Motion</u>: by Mayor Weldon to direct staff to redirect the $400,000 in HBT to the General Fund on a recurring basis and direct the City Attorney to memorialize this action in a resolution.**

The Committee took a brief at ease.

Motion passed by unanimous consent.

c. **<u>Motion</u>: by Mayor Weldon to make a $75,000 recurring reduction to the Landscape budget.**

<u>Objection</u>: by Assemblymember Smith for the purpose of an amendment.

<u>Amendment #1</u>: by Assemblymember Smith to eliminate brushing of trails as part of the $75,000 reduction.

<u>Objection</u>: by Mayor Weldon.

<u>Roll Call Vote on Amendment #1</u>
Ayes: Smith, Kelly, Adkison, Hughes-Skandijs
Nays: Mayor Weldon, Steininger, Brooks, Hall, Chair Woll

Amendment #1 failed. Four (4) Ayes, Five (5) Nays

Assemblymember Steininger and other Committee members pointed out that the landscaping budget is much more than just "beautification." This includes safety and cleanliness work including park, playground, and trail maintenance, playground safety inspections, tree trimming and cutting, and mowing of CBJ owned properties including cemeteries.

<u>Objection</u>: to original motion by Assemblymember Brooks for the purpose of an amendment.

<u>Amendment #2</u>: by Assemblymember Brooks to reduce the Landscape operating (recurring) budget by $600,000.

<u>Objection</u>: by Assemblymember Hall.

Assembly member Adkison asked how a $600,000 cut would affect landscaping's services. Deputy City Manager Robert Barr stated that at this level, the services that would be cut would include most contract work with outside agencies. These contract services include Trail Mix's trail brushing, the Juneau Off-Road Association (JORA) four-wheel drive group, the Hank Harmon Rifle Range, Goldbelt assistance with winter hours at the skate park and Savikko Shelter. Ball park maintenance would be fully eliminated and would be reliant on their user groups. Additional cuts would also be likely, including servicing park restrooms, providing dog waste bags, and staff cuts to positions that are hard to fill.

Parks and Recreation Director Marc Wheeler stated that playground inspections are required as these spaces are publicly accessible. To stop the requirement of inspections, they would need to dismantle the playgrounds. This would be feasible on four or five small neighborhood parks, however, dismantling larger playgrounds would be difficult.

Roll Call Vote on Amendment #2
Ayes: Brooks
Nays: Hall, Mayor Weldon, Smith, Hughes-Skandijs, Adkison, Kelly, Steininger, Chair Woll

Amendment #2 failed. One (1) Aye, Eight (8) Nays

Objection to original motion by Assemblymember Steininger.

Roll Call Vote on Original Motion
Ayes: Smith, Adkison, Hughes-Skandijs, Brooks, Chair Woll
Nays: Steininger, Kelly, Hall, Mayor Weldon

Original motion passed. Five (5) Ayes, Four (4) Nays

The Committee recessed at 7:18 pm
The Committee reconvened at 7:27 pm.

d. **Motion: by Mayor Weldon to reduce the City Museum recurring budget by $336,500 which would support one curator position to keep track of the collection and no support staff.**

Objection: by Assemblymember Brooks for the purpose of an amendment.

Amendment #1: by Assemblymember Brooks to reduce programming and staff hours in the amount of $250,000 in recurring funding.

Objection: by Mayor Weldon for the purpose of an amendment to the amendment.

Amendment to Amendment #1: by Mayor Weldon to change the amount in the amendment from $250,000 to $261,500 to match the funding reduction scenario provided by the department.

Objection: by Assemblymember Hall.

Roll Call Vote on Amendment to Amendment #1
Ayes: Mayor Weldon, Smith, Adkison, Hughes-Skandijs, Steininger, Chair Woll
Nays: Brooks, Hall, Kelly

Amendment to Amendment #1 passed. Six (6) Ayes, Three (3) Nays

Objection: by Mayor Weldon to Amendment #1, as amended.

Roll Call Vote on Amendment #1 as Amended

Ayes: Brooks, Steininger, Smith, Kelly
Nays: Mayor Weldon, Hall, Hughes-Skandijs, Adkison, Chair Woll

Amendment #1, as amended, failed. Four (4) Ayes, Five (5) Nays

Objection: to the original motion by Assemblymember Hall.

Roll Call Vote on Original MotionAyes: Mayor Weldon, Adkison, Hughes-Skandijs, Chair Woll
Nays: Hall, Brooks, Smith, Steininger, Kelly

Original motion failed. Four (4) Ayes, Five (5) Nays

e. **Motion: by Assemblymember Smith to make a recurring reduction to the City Museum budget in the amount of $261,000.**

Objection: by Assemblymember Hall.

Roll Call Vote on Motion
Ayes: Smith, Mayor Weldon, Hughes-Skandijs, Adkison, Steininger, Brooks, Chair Woll
Nays: Hall, Kelly

Motion passed. Seven (7) Ayes, Two (2) Nays

f. **Motion: by Mayor Weldon to make a one-time reduction to the Juneau Economic Development Council (JEDC) grant in the amount of $300,000.**

Objection: by Assemblymember Hughes-Skandijs for the purpose of an amendment.

Amendment #1: by Assemblymember Hughes-Skandijs to make a one-time reduction to the JEDC grant in the amount of $440,000.

Objection: by Assemblymember Smith.

Roll Call Vote on Amendment #1
Ayes: Hughes-Skandijs, Adkison, Brooks
Nays: Smith, Kelly, Hall, Mayor Weldon, Steininger, Chair Woll

Amendment #1 failed. Three (3) Ayes, Six (6) Nays

Objection: by Assemblymember Smith for the purpose of an amendment.

Amendment #2: by Assemblymember Smith to make a one-time reduction to the JEDC grant in the amount of $132,000.

Objection: by Mayor Weldon.

Roll Call Vote on Amendment #2
Ayes: Smith, Steininger, Hall, Kelly

Nays: Mayor Weldon, Adkison, Hughes-Skandijs, Brooks, Chair Woll

Amendment #2 failed. Four (4) Ayes, Five (5) Nays

Objection: by Assemblymember Hall for the purpose of an amendment.

Amendment #3: by Assemblymember Hall to make a one-time reduction to the JEDC grant in the amount of $200,000.

Objection: by Mayor Weldon.

Roll Call Vote on Amendment #3
Ayes: Hall, Smith, Steininger, Kelly
Nays: Mayor Weldon, Adkison, Hughes-Skandijs, Brooks, Chair Woll

Amendment #3 failed. Four (4) Ayes, Five (5) Nays

Objection: to original motion by Assemblymember Hall.

Roll Call Vote on Original Motion
Ayes: Mayor Weldon, Adkison, Hughes-Skandijs, Brooks, Chair Woll
Nays: Hall, Smith, Kelly, Steininger

Original motion passed. Five (5) Ayes, Four (4) Nays

g. **Motion: by Mayor Weldon to make a one-time reduction to non-specific elective travel and training in the amount of $50,000.**

Objection: by Assemblymember Brooks for the purpose of an amendment.

Amendment #1: by Assemblymember Brooks to make a one-time reduction to non-specific travel and training in the amount of $300,000.

Objection: by Assemblymember Steininger.

Roll Call Vote on Amendment #1
Ayes: Brooks
Nays: Steininger, Mayor Weldon, Smith, Hughes-Skandijs, Adkison, Kelly, Hall, Chair Woll

Amendment #1 failed. One (1) Aye, Eight (8) Nays

Objection: by Assemblymember Smith for the purpose of an amendment.

Amendment #2: by Assemblymember Smith to direct the manager to plan for a one-time lapse of $100,000 in General Fund travel and training.

Objection: by Assemblymember Brooks.

Roll Call Vote on Amendment #2

Ayes: Smith, Hall, Mayor Weldon, Hughes-Skandijs, Steininger, Kelly
Nays: Brooks, Adkison, Chair Woll

Amendment #2 passed. Six (6) Ayes, Three (3) Nays

Objection: to original motion, as amended by Amendment #2, by Mayor Weldon.

Roll Call Vote on Original Motion as Amended by Amendment #2
Ayes: Hughes-Skandijs, Smith
Nays: Mayor Weldon, Kelly, Steininger, Adkison, Brooks, Hall, Chair Woll

Original motion, as amended, failed. Two (2) Ayes, Seven (7) Nays

h. **Motion: by Mayor Weldon to make a one-time reduction to the Affordable Housing Fund (AHF) contribution in the amount of $150,000.**

   Objection: by Assemblymember Brooks for the purpose of an amendment.

   Amendment #1: by Assemblymember Brooks to make a one-time reduction of $250,000 to the AHF contribution.

   Objection: by Assemblymember Kelly.

   Roll Call Vote on Amendment #1
   Ayes: Brooks, Hall, Steininger
   Nays: Kelly, Smith, Adkison, Mayor Weldon, Hughes-Skandijs, Chair Woll

   Amendment #1 failed. Three (3) Ayes, Six (6) Nays

   Objection: to original motion by Assemblymember Kelly.

   Roll Call Vote on Original Motion
   Ayes: Mayor Weldon, Brooks, Steininger, Hall
   Nays: Kelly, Hughes-Skandijs, Smith, Adkison, Chair Woll

   Original motion failed. Four (4) Ayes, Five (5) Nays

i. **Motion: by Mayor Weldon to keep the recurring subsidy for Home Health and Hospice in the amount of $200,000 and direct Bartlet Regional Hospital (BRH) to fund the one-time Gastineau Human Services (GHS) request of $247,000 for the substance use disorder treatment program.**

   Motion passed by unanimous consent.

j. **Motion: by Mayor Weldon to make a one-time reduction to the General Fund funding of the Accessory Dwelling Unit grants in the amount of $20,000.**

   Objection: by Assemblymember Hughes-Skandijs.

Roll Call Vote on Original Motion
Ayes: Mayor Weldon, Smith, Hall, Brooks, Steininger
Nays: Hughes-Skandijs, Kelly, Adkison, Chair Woll

Motion passed. Five (5) Ayes, Four (4) Nays

The Committee recessed at 9:18 pm
The Committee reconvened at 9:27 pm.

k. Motion: by Mayor Weldon to make a one-time reduction to the Juneau Arts and Humanities Council (JAHC) grant in the amount of $20,000.

Objection: by Assemblymember Hughes-Skandijs for the purpose of an amendment.

Amendment #1: by Assemblymember Hughes-Skandijs to make a one-time reduction to the JAHC grant in the amount of $100,000.

Objection: by Assemblymember Hall.

The Body discussed the reorganization that the JAHC is undergoing. Assemblymember Smith asked JAHC Executive Director Maggie McMillan to describe how $20,000, $40,000, and $100,000 cuts would impact the organization. Ms. McMillan responded that these would be 2%, 4%, and 10% cuts to their $1,000,000 annual operating budget. She stated that the JAHC reorganization that started since she joined as director is challenging, they are down to three full-time staff members, and are trying to decide which days of the week to be open. She added that much of the City's funding to the JAHC is re-granted to other art entities. In the past, the City received grant requests from multiple groups. Ms. McMillan explained that the Assembly decided to give JAHC funds for re-granting to arts groups and individual artists in order to remove some of this responsibility from the Assembly. Last year, JAHC provided 15 major grants to groups including Perseverance Theatre, Ghost Light Theatre, Juneau Jazz and Classics, plus 14 individual grants. In this way, they have been able to support the Juneau arts community, keeping Juneau as a vibrant hub of the arts community in Southeast Alaska.

She stated that JAHC would be able to absorb a 10% reduction if they were in a good position, however, at this point, this amount would be very daunting, and she asked that the Body consider not reducing and if possible, increasing their funding so they are able to continue doing their work. Cuts to their CBJ grant funding would mean anything they receive would go to operating expenses, and their re-granting would need to be cut or limited. She added that they are working on measures to stabilize their organization to improve their financial position, including building a food court and adjusting their operating hours.

Assemblymember Hughes-Skandijs asked how much they pay out in grants. Ms. McMillan answered that last year they provided $130,000 in major grants for the $339,000 in grant requests that they received. Individual artist grants were about $15,000.

Roll Call Vote on Amendment #1
Ayes: Hughes-Skandijs
Nays: Hall, Kelly, Adkison, Steininger, Smith, Brooks, Mayor Weldon, Chair Woll

Amendment #1 failed. One (1) Aye, Eight (8) Nays

Objection: by Assemblymember Smith for the purpose of an amendment.

Amendment #2: by Assemblymember Smith to make a recurring reduction to the JAHC grant in the amount of $20,000.

Objection: to Amendment #2 by Assemblymember Kelly.

Roll Call Vote on Amendment #2
Ayes: Smith, Hall, Hughes-Skandijs, Brooks
Nays: Kelly, Adkison, Mayor Weldon, Steininger, Chair Woll

Amendment #2 failed. Four (4) Ayes, Five (5) Nays

Objection: to the original motion by Assemblymember Kelly.

Roll Call Vote on the Original Motion
Ayes: Smith, Hall, Hughes-Skandijs, Brooks
Nays: Kelly, Adkison, Mayor Weldon, Steininger, Chair Woll

Original motion failed. Four (4) Ayes, Five (5) Nays

l. **Motion: by Mayor Weldon to move Facilities Maintenance to Marie Drake, with the intent of CBJ closing the Mt. Jumbo facility and selling it.**

Motion passed by unanimous consent.

Motion: by Assemblymember Kelly to extend the meeting time to 10:30 pm.

Motion passed by unanimous consent.

m. **Motion: by Mayor Weldon to eliminate 0.5 FTE of administrative support in the Administration Department.**

Objection: by Assemblymember Hughes-Skandijs.

Roll Call Vote on the Motion
Ayes: Mayor Weldon, Brooks, Steininger, Hall, Smith
Nays: Hughes-Skandijs, Kelly, Adkison, Chair Woll

Motion passed. Five (5) Ayes, Four (4) Nays

n. **Motion: by Mayor Weldon to eliminate the recurring General Fund subsidy to the Arboretum in the amount of $41,100.**

<u>Objection</u>: by Chair Woll.

Chair Woll asked staff how this cut would impact the Arboretum. Mr. Barr stated that this would eliminate the half-time seasonal groundskeeper assistant. The remaining staff that the endowment provides for would continue to support the Arboretum manager and the 0.29 FTE part-time groundkeeper assistant. The impact of the staffing change would eliminate public programming at the Arboretum and require a greater reliance on volunteers.

<u>Roll Call Vote on the Motion</u>
Ayes: Mayor Weldon, Hall, Adkison, Hughes-Skandijs, Brooks, Steininger
Nays: Smith, Kelly, Chair Woll

Motion passed. Six (6) Ayes, Three (3) Nays

o. <u>Motion</u>: by Mayor Weldon to lease the Douglas Fire Station.

Mayor Weldon spoke to her motion to say that this is a better option than selling the building in order to keep the Douglas Library and Community Room.

Assemblymember Smith asked for an explanation of how this change would impact Insurance Services Office (ISO) insurance ratings. Capital City Fire/Rescue (CCFR) Chief Thomas Hatley responded that losing the Douglas Fire Station would change the Douglas ISO rating[1] from Class 3 to Class 4 because this is an equipped, volunteer fire station with fire trucks, CCFR uses this building, and it is currently being used to rebuild their volunteer program. The impact of this ISO change would be a 5% to 15% increase in commercial insurance premiums which will increase the overall cost of living for Douglas residents. ISO ratings also have a minimal impact on residential insurance premiums. He stated that there is one insurance company that does not use ISO ratings, but most of them do. Chief Hatley explained that losing an ISO class point is serious and it is difficult to get that point back.

Assemblymember Steininger asked about the response times for people living on Douglas if this station were eliminated. Chief Hatley answered that currently, as a volunteer fire station, the volunteers live elsewhere and do not stay in the station. He would like to have a live-in program with volunteers staying in the station. As far as response times, if closed the Downtown Fire Station would respond to Douglas calls.

Assemblymember Kelly asked what would happen if the bridge were closed and the Downtown Fire Station personnel and equipment could not get to Douglas in an emergency. Chief Hatley answered that without this station, there would be limited fire/emergency equipment infrastructure on Douglas Island. As it is now, with the building equipped, they can boat personnel from Juneau if needed in an emergency.

[1] ISO ratings range from Class 1 (top-tier, exemplary fire protection) to Class 10 (the area does not meet the minimum fire-suppression standards). A lower number is better.

<u>Objection</u>: by Assemblymember Hall.

<u>Roll Call Vote on the Motion</u>
Ayes: Mayor Weldon, Smith
Nays: Hall, Kelly, Brooks, Steininger, Hughes-Skandijs, Adkison, Chair Woll

Motion failed. Two (2) Ayes, Seven (7) Nays

p. <u>Motion</u>: by Mayor Weldon to reduce the Juneau Small Business Development Center (SBDC) grant by $3,500 in recurring funding.

Assemblymember Hall stated that she met with Juneau SBDC Director Sandy Hussain recently and learned that this funding provides SBDC with matching funds needed for grants it receives from the US Small Business Administration (SBA), the State of Alaska, and contributions from partner boroughs, cities, and other sponsors.

Ms. Hussain stated that she is not allowed to lobby in her role with SBDC and she is speaking as a private citizen of CBJ. Considering CBJ's budgetary situation caused her to consider what would happen if SBDC's funding from CBJ was cut. She stated that it would mean that Alaska SBDC and Federal SBA would look closely at the center in Juneau and decide if this work could be done elsewhere in the state. If the Center is closed in Juneau, this would be a great loss for the Juneau small business community.

<u>Objection</u>: by Assemblymember Hughes-Skandijs for the purpose of an amendment.

<u>Amendment #1</u>: by Assemblymember Hughes-Skandijs to increase the amount of the SBDC grant reduction to $28,500.

<u>Objection</u>: to Amendment #1 by Assemblymember Hall.

<u>Roll Call Vote on Amendment #1</u>
Ayes: Hughes-Skandijs
Nays: Hall, Kelly, Brooks, Steininger, Adkison, Mayor Weldon, Smith, Chair Woll

Amendment #1 failed. One (1) Aye, Eight (8) Nays

<u>Objection</u>: to original motion by Assemblymember Brooks.

<u>Roll Call Vote on the Original Motion</u>
Ayes: Hughes-Skandijs
Nays: Hall, Kelly, Brooks, Steininger, Adkison, Mayor Weldon, Smith, Chair Woll

Original motion failed. One (1) Aye, Eight (8) Nays

<u>Motion</u>: by Assemblymember Hughes-Skandijs to extend the meeting until 10:45 pm.

Motion passed by unanimous consent.

q. **Motion: by Mayor Weldon to reduce the CIP resolution allocation of $2,720,000 to the Restricted Budget Reserve and instead have it fall to the Unrestricted General Fund balance.**

Assemblymember Hughes-Skandijs asked Ms. Flick to clarify the reasoning behind the movement of the funds from the Restricted Budget Reserve to the Unrestricted General Fund. Ms. Flick explained that the CIP funding process includes a memorandum to the Director of Engineering and Public Works (EPW) outlining the funding available for allocation. This year, due to reduced revenue resulting from the passage of the ballot measures, the Manager provided specific direction regarding the reduction in available funding. EPW was advised of the total reduction amount and was specifically directed not to fund certain planned projects. During the CIP resolution process, those specifically identified projects were removed. However, due to miscommunication, the remaining available funding was not allocated to other projects. To ensure the CIP language approved by the voters was honored, the remaining available funding was transferred to the Restricted Budget Reserve. Ms. Flick explained that this approach allowed the City to manage the funding process while fully funding the CIP at the amount available.

Objection: by Assemblymember Hughes-Skandijs for the purpose of an amendment.

Amendment #1: by Assemblymember Hughes-Skandijs to amend the motion to add direction to staff to bring back a list of projects for the $2,720,000 to be allocated to at a future Finance Committee meeting.

Objection: by Assemblymember Steininger.

Roll Call Vote on Amendment #1
Ayes: Hughes-Skandijs, Adkison, Kelly, Chair Woll
Nays: Steininger, Brooks, Hall, Mayor Weldon, Smith

Amendment #1 failed. Four (4) Ayes, Five (5) Nays

Objection: to original motion by Assemblymember Hughes-Skandijs.

Roll Call Vote on the Original Motion
Ayes: Mayor Weldon, Smith, Adkison, Kelly, Brooks, Hall, Steininger, Chair Woll
Nays: Hughes-Skandijs

Original motion passed. Eight (8) Ayes, One (1) Nay

Motion: by Mayor Weldon to extend the meeting to 11:00 pm

Motion passed by unanimous consent.

r. **Motion: by Mayor Weldon to remove the Lemon Creek Multi-Modal Path project from the CIP in the amount of $1,500,000 and to transfer this amount to the General Fund**

balance.

Objection: by Assemblymember Hughes-Skandijs.

Roll Call Vote on the Motion
Ayes: Mayor Weldon, Brooks, Steininger, Hall
Nays: Hughes-Skandijs, Smith, Kelly, Adkison, Chair Woll

Motion failed. Four Ayes, Five (5) Nays

s. **Motion: by Mayor Weldon to remove the Gastineau Avenue Widening Turnaround project from the CIP in the amount of $1,000,000 and to transfer this amount to the General Fund balance.**

Motion passed by unanimous consent.

t. **Motion: by Mayor Weldon to make a one-time reduction to the Alaska Committee grant in the amount of $50,000.**

Motion passed by unanimous consent.

u. **Motion: by Mayor Weldon to reduce the Alaska Heat Smart grant by $20,000.**

Objection: by Assemblymember Hughes-Skandijs.

Roll Call Vote on the Motion
Ayes: Mayor Weldon, Smith, Kelly, Hall, Adkison, Brooks, Steininger, Chair Woll
Nays: Hughes-Skandijs

Motion passed. Eight (8) Ayes, One (1) Nay

v. **Motion: by Mayor Weldon to approve the $20,000 grant to United Human Way.**

Objection: by Assemblymember Hughes-Skandijs.

Roll Call Vote on the Motion
Ayes: Smith, Kelly, Hall, Steininger, Chair Woll
Nays: Hughes-Skandijs, Adkison, Mayor Weldon, Brooks

Motion passed. Five (5) Ayes, Four (4) Nays

3. FY27 Budget Decision

Motion: by Mayor Weldon to move CIP Resolution 4039 as amended, the Mill Levy Ordinance 2026-03, and the CBJ Budget Ordinance 2026-01 as amended to the full Assembly.

Motion passed by unanimous consent.

4. Bonds

<u>Motion</u>: by Mayor Weldon to direct staff to draft an ordinance for up to $9,400,000 for water and wastewater utility bonds, to discuss it at the June 3, 2026 AFC meeting, and introduce it at the June 8, 2026 Regular Assembly meeting.

Motion passed by unanimous consent.

<u>Motion</u>: by Mayor Weldon to have staff draft an ordinance for up to $16,000,000 for school project bonds, to discuss it at the June 3, 2026 AFC meeting, and introduce it at the June 8, 2026 Regular Assembly meeting.

Motion passed by unanimous consent.

5. Information Only: Fund Balance

D. NEXT MEETING DATE

6. June 3, 2026, at 5:30 PM

E. SUPPLEMENTAL MATERIALS

F. ADJOURNMENT

The meeting was adjourned at 10:58 pm.

ADA accommodations available upon request: contact the Clerk's Office (907)586-5278 at least 36 hours prior to a meeting, to request ADA arrangements.

ASSEMBLY FINANCE COMMITTEE MINUTES

June 3, 2026, at 5:30 PM

Assembly Chambers/Zoom Webinar

https://juneau.zoom.us/j/93917915176 or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

The meeting was called to order at 5:32 pm by Chair Woll

B. ROLL CALL

Committee Members Present: Christine Woll (Chair); Mayor Beth Weldon; Paul Kelly; Maureen Hall; Nathaniel (Nano) Brooks

Committee Members Present Virtually: Greg Smith; Alicia Hughes-Skandijs; Ella Adkison

Committee Members Absent: Neil Steininger

Staff Members Present: Katie Koester, City Manager; Robert Barr, Deputy City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager; Emily Wright, Municipal Attorney; Ruth Kostik, Treasurer; Frank Hauser, Juneau School District Superintendent; Dallas Hargrave, Human Resources and Risk Management Director

Others Present: Karen Tarver, Elgee Rehfeld, LLC CPA/Audit Partner

C. APPROVAL OF MINUTES

1. April 11, 2026

The April 11, 2026 minutes were approved as presented.

2. April 22, 2026

The April 22, 2026 minutes were approved as presented.

D. AGENDA TOPICS

3. FY25 Audit Review

Elgee Rehfeld, LLC, is the accounting firm that performed CBJ's FY25 financial statement and compliance audits. Elgee Rehfeld Audit Partner Karen Tarver, CPA, presented the FY25 CBJ audit review (packet pages 28 – 95). Ms. Tarver stated that she is part of an Elgee Rehfeld group that performed the CBJ audit along with Partner Sarah Griffith, CPA, and others (packet pages 47 – 49).

Ms. Tarver explained that the FY25 audit was different than prior year audits as there were three different accounting firms handling the audits for CBJ (Elgee Rehfeld, LLC), Bartlett Regional Hospital (Eide Bailly, LLP), and Juneau School District (Altman, Rogers, and Co.). These are called "referred-to" auditors, and each remain independently responsible for the quality and reporting of their own component audit. The audit reports will clearly state the division or responsibility, identify the other firms, and specify the portions of the City's financial statements that they audited (packet pages 50 - 53).

Elgee Rehfeld's FY25 audit of CBJ was an Annual Comprehensive Financial Report (ACFR) audit (packet pages 54 - 63). The full FY25 and prior year ACFRs may be viewed online[1]. The ACFR includes a letter to CBJ Management and the Assembly that explains the responsibility for the accuracy of the audit lies with CBJ. The auditor opines on governmental and business type activities, aggregate remaining fund information, and notes to the financial statements. The auditor does not opine over required supplemental information, which included management discussion and analysis, schedules of revenues, proportionate share of net pension, or contributions to retirement/pension plans. The auditor also provides single audit reports, which means they do compliance audits on major programs in conjunction with the financial statement audit.

The audit process (packet pages 64 - 65) includes planning and risk assessment, testing significant internal controls, testing balances and significant transactions and disclosures, etc. The conclusion of the audit includes all known and likely misstatements identified, all material corrected misstatements that were brought to the attention of management, evaluates design, implementation or operating effectiveness of key control deficiencies identified and the impact of the deficiencies.

The FY25 audit timing (packet pages 66 – 69) involved field work in June-July 2025 and October 2025-February 2026. The report was issued on March 31, 2026, which was later than the planned issuance of December 31, 2025. The timing challenges that contributed to the late report included areas that were not ready at the beginning of the audit work, internal software changes, turnover within the CBJ Finance Department, the Federal compliance supplement was issued late, and other audits which were received later than expected.

Referred to auditor Altman, Rogers & Co., issued their FY25 report for the Juneau School District (JSD) on November 25, 2025. This included financial statements and Federal and State compliance audits with unmodified opinions. Referred to auditor Eide Bailly's report for Bartlett Regional Hospital (BRH) was issued on February 27, 2026, with an unmodified opinion and a report of one material weakness in internal controls over financial reporting (packet page 70).

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[1] The FY25 ACFR pdf is here:
https://juneau.org/index.php?gf-download=2026%2F03%2FCBJ-FY25-ACFR.pdf&form-id=22&field-id=11&entry-id=123589&hash=425feda09f1e8fc4b61c9a8939e4eb30de58a603654a2cfe5d550a5972f81952

Prior year ACFRs may be found here:
https://juneau.org/finance/controller#tab-be0a1a279ed66990627

CBJ's FY25 audit results (packet pages 71 - 80) from Elgee Rehfeld had unmodified opinions over all opinion units, two material weaknesses in internal controls, and one significant deficiency. There were unmodified opinions on the Federal and State compliance audits. The wording of the unmodified opinion is included in the ACFR. This audit was conducted in accordance with Generally Accepted Auditing Standards (GAAS) and Government Auditing Standards (GAS). The auditor looks for material misstatements which would impact decision making, whether due to fraud or errors.

Ms. Tarver reviewed some of the audit process, responsibilities, safeguards, estimates, and changes to standard accepted accounting policies. She explained the corrected and uncorrected misstatements, the material weaknesses and significant deficiency, and corrections and systems that have been put in place (packet pages 81 – 94).

Material misstatements that were corrected as a result of the CBJ audit included an adjustment to reduce $10,000,000 of bond receivable proceeds as the bond was not officially issued until FY26; adjust an overstatement on the Harbor enterprise fund to reduce the lease receivables and deferred inflows by $8,612,914; adjust the Airport enterprise fund by $1,018,690 to increase unearned revenue and reduce revenue related to the passenger facility charge program for amounts received but not expended on eligible costs as of year-end; and sales and hotel tax accrual and revenue were increased by $2,705,731 to correct a calculation error.

The uncorrected financial misstatement was related to unamortized bond premiums that were expensed when the bond refunding was recorded. These amounts, per Generally Accepted Accounting Principles (GAAP), should be amortized over the refunded bond term. These amounts were not considered significant, and a correction was not posted by Management.

The audit identified a material weakness in internal controls over financial reporting. The existing review procedures did not consistently identify errors in calculations, spreadsheets, or the application of accounting standards, resulting in inaccurate account balances. As a result, adjustments were proposed. If these had not been discovered by audit, it is possible that incorrect data would have gone into the financial statements. As there is some weakness in the controls, reconciliations need to be reviewed in a timely manner before they are finalized for audits or year-end closing.

The second material weakness found was related to internal controls over financial reporting for lease receivable valuation and monitoring. There had not been an adequate review of variable leases that have adjustments every three to five years, and which may be tied to anchored Consumer Price Index (CPI) or appraised property values. This created an overstatement of lease valuation on the balance sheet. Elgee Rehfeld has gone through the larger leases to propose corrections, and CBJ Finance is in process of reviewing and correcting smaller lease amounts.

There was a significant deficiency related to the compliance schedule preparation. The compliance schedule is used to reconcile grant information and then that information is tied to the amounts that are included in financial statements. There were significant changes in how grants were classified, as well as whether they were Federal or State grants, their status, and how much revenue could be recognized for these grants. Training and a process for compliance schedule preparation was put into place for CBJ Finance to ensure this will be cared for in FY26 and beyond. Additionally, Ms. Tarver reviewed the status of issues found in prior year's audits as well as the material weaknesses reported in Eide Bailly's audit for Bartlett Regional Hospital.

The Body asked questions and discussed the audit. Ms. Tarver clarified that the issues are not with day-to-day transactions, rather with preparing for the audit, reassessing data at year-end to check reconciliation and ensure GAAP was followed in terms of how data is reported on financial statements. She noted that often, governments account for items on a budgetary basis and some things need to be reclassified in a different format for financial reporting. Adjustments are needed, and setting things up to be more automated is a way to provide easier reconciliation and easier access to reviewing the records which will improve this situation.

The timing issues are in part related to things that are outside of the control of CBJ staff, and things that were inside of CBJ's control have been updated with internal controls. Additional changes include more built-in self-checks and reviews of internally prepared reconciliations and CBJ will now have access to the software that Elgee Rehfeld uses for preparing financial statements which means CBJ staff will be able to review and check their data throughout the year for discrepancies as they prepare for the audit.

The Body continued to discuss the topic.

The Committee recessed at 6:34 pm.
The Committee reconvened at 6:41 pm.

4. Sales Tax Code Ordinances – Regular Business

Finance Director Angie Flick explained that there are five different sales tax ordinances under consideration for this agenda, and they have been broken into two groups. This first group or "regular business" ordinances are related to sales tax housekeeping and policy.

a. **Ordinance 2026-20 An Ordinance Amending the Uniform Sales Tax, Hotel-Motel Tax, and Real and Property Tax Codes Relating to Returns, Penalties and Interest, and Definitions** (packet pages 97 – 103).

Ms. Flick explained that the purpose of this ordinance is to provide clarifying definitions in the sales tax code to help both merchants and sales tax staff understand and implement the process.

One of the things that this ordinance will change is how it is determined if a submission is received timely or not. In the past, postmarks were a reliable way to determine when mail was sent. Now, more people and businesses use bill pay options through banks. This may show on their accounts that payment was sent, however, the reality is that often the bank sends this information to third-party processors who eventually mail the payment check, often without postmarks. Consequently, CBJ receives payments late with no way to ascertain when they were sent. The other thing this code changes is to give the Treasurer the authority to waive penalties and interest regarding sales tax. Currently, the Treasurer only has this authority with respect to property taxes, but not sales tax. There are valid reasons for the Treasurer to have this authority for sales tax, to manage small amounts when there are reasonable justifications for a waiver to occur. This ordinance would allow the CBJ Treasurer to make the same type of adjustments for sales tax that are allowed for property tax through Code.

The Body asked questions and discussed how these changes would impact due dates, how receipt dates would be determined and tracked, how these changes would be communicated to merchants, and when the changes would be implemented.

<u>Motion</u>: by Mayor Weldon to move Ordinance 2026-20 An Ordinance Amending the Uniform Sales Tax, Hotel-Motel Tax, and Real and Property Tax Codes Relating to Returns, Penalties and Interest, and Definitions to the full Assembly for public hearing on June 8, 2026.

Motion passed by unanimous consent.

b. **Ordinance 2026-21 An Ordinance Updating the Uniform Alaska Remote Seller Sales Tax Code** (packet pages 104 – 117).

Ms. Flick stated that the Alaska Remote Seller Sales Tax Commission (ARSSTC) has updated their code with minor changes. Because CBJ uses the services of ARSSTC and has a section of code that is taken from the ARSSTC code, CBJ's code now needs to be updated to be in line with the ARSSTC code. This is a housekeeping ordinance.

<u>Motion</u>: by Mayor Weldon to move Ordinance 2026-21 An Ordinance Updating the Uniform Alaska Remote Seller Sales Tax Code to the full Assembly for public hearing on June 8, 2026.

Motion passed by unanimous consent.

c. **Ordinance 2026-22 An Ordinance Updating Portions of Title 69 to Comply with the March 31, 2026, Changes Recommended by the Alaska Remote Sellers Sales Tax Commission** (packet pages 118 – 124).

Ms. Flick said that one of the changes that the ARSSTC made was adopting the ability to collect sales tax from marketplace facilitators. Through the implementation of that program within the ARSSTC, municipalities now have an option to let the ARSSTC collect from marketplace facilitators on their behalf. This ordinance would update CBJ's code, as it relates to these merchants, for sales tax to be collected by the Commission and remitted to the City. It also would allow the Commission to work on enforcement and litigation on CBJ's behalf. ARSSTC is already doing this on behalf of the State, so they have more weight with these marketplace facilitators than the CBJ does as a single municipality. This change would not eliminate CBJ's ability to set taxes or exemptions. Staff believe that it is appropriate and will be beneficial for CBJ to opt in to this service and let the ARSSTC take on this component of sales taxation.

Motion: by Mayor Weldon to move Ordinance 2026-22 An Updating Portions of Title 69 to Comply with the March 31, 2026, Changes Recommended by the Alaska Remote Sellers Sales Tax Commission to the full Assembly for public hearing on June 8, 2026.

Motion passed by unanimous consent.

5. Sales Tax Code Ordinances – Foregone Revenue

Chair Woll stated that these ordinances were drafted following direction from the Assembly Finance Committee related to decisions made regarding foregone revenue.

a. Ordinance 2026-25 An Ordinance Amending the Uniform Sales Tax Code to Repeal the Exemption of Commission Charged by an Agent of Travel, Lodging, or Tours Under CBJC 69.05.040 (packet pages 125 – 126).

Chair Woll stated that this ordinance was pulled off the consent agenda to ensure that it could be discussed at tonight's meeting prior to potential public hearing and action on June 8.

Ms. Flick clarified that there have been concerns expressed by members of the public that this ordinance would result in double taxation. She explained that there are two specific services happening with two separate entities, one is the agent selling the tour, and one is the operator running the tour, so this is not double taxation. When an agent sells a tour, typically, they charge the customer for the cost of the tour plus sales tax and then retain their commission when they remit the payment to the tour company. The commission is the agent's fee for selling the tour for the operator. Under current CBJ Code, commissions for travel, lodging, and tours are exempt from sales tax. This ordinance would remove the exemption from the commission part of the sale which would thereby become taxable.

Under the current Code, if a tour costs $100 and the commission is 20% or $20, the agent sells one tour and collects $105 ($100 plus 5% sales tax, or $5) from the customer. The agent keeps their commission (20% or $20) and passes on the balance of $85 to the tour operator. The tour operator reports the full sale amount of $100 and the $5 of sales tax collected when they file their sales tax return. With the current commission exemption, the agent pays no sales tax.

If this ordinance goes through, the customer will pay the same $105. The agent will keep $21 ($20 commission and 5% sales tax, or $1) and will pay $84 to the tour operator. As before, the operator will report the full price of the tour, $100 plus $5 sales tax. Without the exemption, the agent will also report their commission of $20 and remit $1 (5%) in sales tax when they file their sales tax return. These are two separate businesses done by two separate entities.

Ms. Flick explained that there are other types of sales exemptions, such as for resales. The case of an agent earning commission is different from a resale situation, unless that agent is purchasing seats from the operator for a discounted price and reselling them. In the example above, the agent is not purchasing seats from the tour operator, so the resale exemption would not apply.

The group continued to discuss this topic.

Motion: by Mayor Weldon to move Ordinance 2026-25 An Ordinance Amending the Uniform Sales Tax Code to Repeal the Exemption of Commission Charged by an Agent of Travel, Lodging, or Tours Under CBJC 69.05.040 to the full Assembly for public hearing on June 8, 2026.

Objection: by Assemblymember Brooks.

Roll Call Vote on the Motion
Ayes: Mayor Weldon, Smith, Hall, Adkison, Hughes-Skandijs, Kelly, Chair Woll
Nays: Brooks

Motion passed. Seven (7) Ayes, One (1) Nay.

The Committee recessed at 7:41 pm
The Committee reconvened at 6:48 pm.

b. **Ordinance 2026-XX An Ordinance Amending the Uniform Sales Tax Code Exemptions Under CBJC 69.05.040** (packet pages 127 – 130).

Assemblymember Brooks asked for clarification about the entities to which this ordinance exemption would apply. Municipal Attorney Emily Wright responded that exemptions would include purchases made by non-profits entities (501(c)(3), 501(c)(4), or 501(c)(19)). However, items sold by these non-profit entities would not be exempt from sales tax. The State, rural education areas, federally recognized Indian tribes, and municipalities would be exempt with specific exceptions, such as sales of pull tabs, BRH sales, services, and rentals, Capital Transit passenger fares and passes, and sales made by federally recognized Indian tribes (pages 127 – 128, paragraphs (13)(a), (b) and (c)).

Chair Woll asked how Staff would interpret and determine the exemption exception wording, "Activities primarily commercial in nature or conducted in competition with for-profit businesses," and how non-profits would self-report this (page 129 paragraph 14e). Ms. Wright answered that this language is subjective. Looking at this language from a legal perspective, if it were challenged, this is a potential problem area. Law would look at the intent of the language, if it had any "whereas" clauses (which could be added), then they would look to the department to see if there are internal policy definitions for clarification. Ms. Flick stated that Staff would look to the intent of the Assembly, and they would check to see if there are other commercial or for-profit businesses that are selling these goods or services to the public to determine if these things are available and if the non-profit is competing with for-profit businesses in this realm. Ms. Flick agreed with Ms. Wright's point that having clear language about what can be taxed and what is exempted would be helpful in avoiding potential conflicts in the future.

Motion: by Mayor Weldon to move Ordinance 2026-XX An Ordinance Amending the Uniform Sales Tax Code Exemptions Under CBJC 69.05.040 to the full Assembly for public hearing on June 8, 2026.

Objection: by Mayor Weldon for purposes of an amendment.

Amendment #1: by Mayor Weldon to replace the proposed Ordinance 2026-XX amending the Uniform Sales Tax Code Exemptions Under CBJC 69.05.040 on packet pages 127 – 13 with the amended ordinance on packet page 149 - 151.

This amendment to the ordinance changes the wording to put the Indian tribes on equal footing with the State and local governments, creates equity in non-profit exemption language, and adds an additional exemption for social services by non-profits designed to assist vulnerable, disadvantaged, or distressed individuals and communities.

Amendment #1 passed by unanimous consent.

Objection: by Assemblymember Kelly to the original motion as amended.

Roll Call Vote on the Original Motion as Amended by Amendment #1
Ayes: Mayor Weldon, Smith, Hall, Adkison, Brooks, Hughes-Skandijs
Nays: Kelly, Chair Woll

Motion as amended by Amendment #1 passed. Six (6) Ayes, Two (2) Nays.

6. Bond Ordinances

Ms. Flick explained that the packet includes an amended memo from Manager Koester, from the May 20, 2026, AFC packet (pages 131 - 136). The change is a correction due to a review of the Joint CBJ Assembly/School Board Facilities Committee minutes. Juneau School District Director of Operations Kristy Germain wrote in a memo dated May 27, 2026, (pages 137 - 139) that the actual request that was moved forward during the April 20, 2026, Joint CBJ Assembly/School Board Facilities Committee meeting was for a $16,000,000 bond for schools. During their May 20, 2026, meeting, the Assembly requested that a bond be drafted for $9,400,000 for water and wastewater utilities and another bond for up to $16,000,000 for JSD facilities.

Assemblymember Smith asked when the last time was that bonds were passed for these areas. Ms. Flick answered that the 2024 election approved two bonds which were issued in 2025. One was for public safety communications, and the other was $10,000,000 for the wastewater treatment facility. The last school bond was in 2021.

a. Ordinance 2026-XX General Obligation Bonds in the Principal Amount of Not to

Exceed $9,400,000 to Finance Water and Wastewater Utilities Capital Improvements (packet pages 140 – 143).

Motion: by Mayor Weldon to move Ordinance 26-XX Authorizing the Issuance of General Obligation Bonds in the Principal Amount Not to Exceed $9,400,000 to Finance Water and Wastewater Utilities Capital Improvements within the City and Borough of Juneau and Submitting a Proposition to the Voters at the Election to Be Held Therein on October 6, 2026, to the full Assembly.

Objection: by Assemblymember Smith.

Assemblymember Smith asked about the ability of the utility to execute this level of projects in the next few years along with the previous $10,000,000 bond projects from two years ago. Ms. Koester stated that from a workload perspective, this $9,400,000 would replace the amount slated to be allocated to utility projects from area wide sales tax over the next four years. The bond debt would be managed in a way to ensure that bond money is being spent first and only spent as needed. This potentially means not issuing that debt right away.

Assemblymember Kelly asked if this bond is postponed for another year is there a likelihood that project expenses will continue to increase due to inflation. Ms. Koester responded that the amount of this bond considers an expected rate of inflation for future years as determined by the project consultants.

Assemblymember Brooks asked if any part of this or the previous bond would be going toward efforts to address forever chemicals, Per- and Polyfluoroalkyl Substances (PFAS), and the byproduct from the Mendenhall Waste Center. Ms. Koester answered that, to her knowledge, the only current project CBJ has related to PFAS is an experimental grant through the Alaska Department of Environmental Conservation (ADEC) State Revolving Fund (SRF) Program which provides below-market interest rate loans and principal forgiveness (subsidies) to finance local drinking water, wastewater, and water quality facility projects. The ADEC SRF is using Juneau as a test case, and design work is being done now through this funding.

The Body continued to discuss the topic.

Roll Call Vote on the Motion
Ayes: Mayor Weldon, Hughes-Skandijs, Adkison, Kelly, Brooks, Hall
Nays: Smith, Chair Woll

Motion passed. Six (6) Ayes, Two (2) Nays.

b. **Ordinance 2026-XX General Obligation Bonds in the Principal Amount of Not to Exceed $16,000,000 to Finance School District Facilities Capital Improvements** (packet pages 144 – 148).

Motion: by Mayor Weldon to move Ordinance 2026-XX Authorizing the Issuance of

General Obligation Bonds in the Principal Amount Not to Exceed $16,000,000 to Finance Capital Improvements at Various Schools within the City and Borough of Juneau and Submitting a Proposition to the Voters at the Election to Be Held Therein on October 6, 2026, to the full Assembly.

Assemblymember Brooks expressed concern about discussions held at School Board meetings about further consolidation of schools. Many of these projects are for elementary school facilities. If this bond is issued, would there be any assurance or guardrails to leverage taxpayers' money and make sure these funds would not be spent on a facility that would end up being closed in the near future. Ms. Flick stated that this ordinance language outlines the plans for school improvements with things on the list, however, it is not limited to the things on the list. If there is a school on the list that is planned to be closed by the time the work is to occur, the funds can then be reallocated to a more appropriate and lasting school usage. Staff care for regulations, work with the bond council, and ensures that bond funds are used appropriately, legally, and within the parameters of the bond language.

Chair Woll asked if the School Board has a prioritization list of which schools are more likely to be closed in the event of consolidation. JSD Superintendent Frank Hauser answered that recent conversations at both the Joint CBJ/JSD Projects team and Facilities meetings have discussed the possibility of consolidation, but there is no plan for consolidation at this time. Focus has been on updating the JSD facilities assessment that was last produced in 2017 as it is out of date. JSD has been discussing the scope of the updated version and part of the reason for this would be to inform potential future consolidations, should a need or desire for consolidations arise. The scope of work for the facilities assessment is being narrowed, and likely a Request for Information (RFI) or Request for Proposal (RFP) will be put out next fall.

Motion passed by unanimous consent.

E. NEXT MEETING DATE

7. July 8, 2026, at 5:30 PM

F. SUPPLEMENTAL MATERIALS

8. Ordinance 2026-32 Non-Profit Sales – Mayor Weldon Amendment

G. EXECUTIVE SESSION

9. Discussion on Collective Bargaining

The City Manager recommends the Committee recess into Executive Session to discuss an update to collective bargaining negotiations, the immediate knowledge of which would adversely affect the finances of the municipality.

<u>Motion</u>: by Mayor Weldon that the Committee enter into Executive Session to discuss

collective bargaining negotiations, the immediate knowledge of which would adversely affect the finances of the municipality.

Motion passed by unanimous consent.

The meeting went into Executive Session at 8:40 pm and came out of Executive Session at 9:09 pm.

The Body gave bargaining direction regarding collective bargaining negotiations to Human Resources and Risk Management Director Dallas Hargrave following the Executive Session.

H. ADJOURNMENT

The meeting adjourned at 9:10 pm following the close of the Executive Session.

ADA accommodations available upon request: contact the Clerk's Office (907)586-5278 at least 36 hours prior to a meeting, to request ADA arrangements.

ASSEMBLY FINANCE COMMITTEE MINUTES

July 8, 2026, at 5:30 PM

Assembly Chambers/Zoom Webinar

https://juneau.zoom.us/j/93917915176 or 1-253-215-8782 Webinar ID: 939 1791 5176

A. CALL TO ORDER

The meeting was called to order at 5:33 pm by Chair Woll

B. ROLL CALL

Committee Members Present: Christine Woll (Chair); Paul Kelly; Maureen Hall; Neil Steininger; Ella Adkison; Nathaniel (Nano) Brooks

Committee Members Present Virtually: Mayor Beth Weldon

Committee Members Absent: Greg Smith; Alicia Hughes-Skandijs

Staff Members Present: Katie Koester, City Manager; Angie Flick, Finance Director; Adrien Wendel, Budget Manager

Staff Members Absent: Robert Barr, Deputy City Manager

Others Present: Thierno Sylla, Insight Investment Senior Relationship Manager; Jason Celente, Insight Investment Senior Portfolio Manager; Bill Lierman, Alaska Permanent Capital Management Chief Executive Officer; Mike Abbott, Three+One Relationship Specialist

Others Present Virtually: Alex DeRosa, Three+One Associate Vice President

C. APPROVAL OF MINUTES

1. April 29, 2026

The April 29, 2026 minutes were approved as presented.

D. AGENDA TOPICS

2. Budget Process and Outcome Debriefing

Chair Woll stated that this discussion is an opportunity to provide feedback, reflect on lessons learned, and note anything from this budget process that would be helpful to carry forward into the next budget cycle. This was a unique budget process year due to the deficit, and this deficit will likely continue into next year's budget season.

Assemblymember Brooks asked about foregone revenue decisions, if and how these can be applied to the current and the next fiscal year. Finance Director Angie Flick responded that the answer depends on the situation and the decision. She explained that foregone revenue items related to property taxes will have an impact on FY28 and beyond due to property assessment and property tax payment due dates. Changes to sales tax could potentially have an impact within 30 days of the Assembly's adoption of an ordinance, depending on the wording of the ordinance. Typically, sales tax changes are worded to take effect at the beginning of a quarter due to the sales tax reporting and filing schedule. Ms. Flick stated that staff are planning to bring back updates on estimated revenues from the ordinances that are in process, and if appropriate, can provide a budget update for mid-year adjustments to be made.

Assemblymember Kelly stated that he appreciated that this year offered more opportunities for input from the public and would like to see that practice to continue in future years.

Mayor Weldon stated that this was the most difficult budget season she has experienced during her tenure with the Assembly, yet they have endured despite challenges and the dramatic cuts that had to be made. She reminded the Committee members that it will be important in the future when they set goals for themselves to meet those goals. She thanked the Committee members and Chair Woll for their efforts and cooperation.

Chair Woll expressed gratitude that they were able to get through the budget process treating each other civilly and that discussions stayed on track. She reminded the Committee that they will be meeting earlier than usual, in November, to kick off the FY28 budget process, and recommended that some discussions be started even earlier. There will be ballot questions that may impact the budget, next year's budget will likely be facing a significant deficit, and some processes may take time to get into place. In particular, she mentioned CBJ's recreational facilities and opportunities to develop public-private partnerships to take advantage of community organizations that could step in and assist. Exploring these options will take time and the sooner these conversations begin, the better.

3. Investment Update (packet pages 9 - 93)

Ms. Flick stated that she will provide a brief overview, talk briefly about how investments are and are not related to fund balance, accounting, and budgeting, and she will review CBJ's investment policy statement.

a. Introduction (packet pages 10 - 21)

Ms. Flick said that as a public entity, CBJ has a stewardship responsibility (packet page 11) in terms of handling funds. The most important tenets are managing investments for safety and for liquidity. In this situation, "safety" means do not lose taxpayer money. Therefore, having an investment strategy where principal is never lost is crucial. "Liquidity" means having enough readily available funds to always be able to make payroll, pay vendors, make bond payments when due, etc. After the goals of safety and liquidity are covered, along with any other restrictions and limitations, the next goal is to earn the best possible yield from investments and to make as much income as possible from the funds CBJ handles. Ms. Flick noted that these responsibilities and goals may be different than those of a personal or private business investor who may be willing and able to accept higher risks in return for potentially higher yields.

CBJ operates with a central treasury model, whereby the Treasury Division of the Finance Department manages funds for all CBJ components, including Juneau School District (JSD) and Bartlett Regional Hospital (BRH), in addition to CBJ departments such as Community Development, Parks and Recreation, Docks and Harbors, etc. (packet page 12).

When discussing cash management in terms of investments, it is important to distinguish this topic from, while recognizing its relationship to, fund balances, budgeting, and accounting. The data that will be discussed during this meeting complements the discussion about the FY25 audited financial statements that took place during the June 3, 2026, Assembly Finance Committee (AFC) meeting.

At the end of FY25, CBJ had almost $370,000,000 in cash and investments. This money is allocated among various funds (packet pages 13 - 14). 42% is related to enterprise funds and their Capital Improvement Project (CIP) funds, such as those for the Airport, BRH, Utilities, or other CIPs. 26% of the cash is related to non-enterprise capital fund projects that are saved for and completed over time. 13% of cash is in the General Fund (GF). Ms. Flick noted that when a fund has a negative balance, and money needs to be moved to correct this from an accounting basis, this money comes out of the GF.

This $370,000,000 in cash and investments is held at various “buckets” in different financial/investment institutions (packet page 15). At the end of FY25, the primary buckets were $11,000,000 in First National Bank of Alaska (FNBA) which holds CBJ’s primary checking account for daily banking. These funds are swept every night into an interest-bearing account to maximize earnings while maintaining liquidity. As to the safety of this account, it is fully collateralized, which means that FNBA must keep enough cash on deposit with another institution so that if there is ever a bank failure, CBJ’s funds are protected by the backup funds in the other bank.

CBJ has three accounts with the Alaska Municipal League Investment Pool (AMLIP) which totaled $140,000,000 at FY25 year end (YE). AMLIP Series I holds two accounts which offer immediate liquidity. The first, with $57,000,000 as of FY25 YE, is where property taxes and sales taxes are deposited. The second, with an FY25 YE balance of $6,000,000, is where unspent bond revenue is held separately due to reporting, tracking, IRS, and arbitrage regulations. AMLIP Series II account had $77,000,000 as of FY25 YE, and functions much like a mutual fund.

CBJ’s mid-term investment portfolio is managed by Insight Investment and had about $203,000,000 at FY25 YE.

About $9,000,000 is held in a mutual fund with Vanguard and this money is specifically tracked for the Arboretum Endowment, the four sections of the Library Endowment, and a small portion of the GF. The intent is to never draw this fund down as is appropriate for endowment funds.

When revenue bonds are issued, it is required to keep a certain amount as a bond reserve. These funds are held by the bond trustee, BNY (formerly Bank of New York). This accounts for a part of CBJ's cash investments even though it may not be touched until making final bond payments.

Chair Woll asked where the Restricted Budget Reserve is held. Ms. Flick responded that funds that are not intended to be spent in the near future, like reserve funds, are typically held in the AMLIP Series II or Insight Investment accounts, to maximize yield.

Assemblymember Kelly asked about the difference between collateralized vs. an FDIC account coverage. Ms. Flick responded that FDIC insurance offers a relatively small amount of coverage per account. If a bank were to fail, CBJ would need to go through a claims process through the FDIC to recover any funds. With the collateralized account, CBJ is essentially a co-signer with First National Bank of Alaska on the trustee bank account. If FNBA failed, and CBJ needed to access the funds in the trustee bank account, they are easily accessible with documentation CBJ has.

Ms. Flick continued with the presentation in terms of cash and investment breakouts by investment type (packet page 16), investment account location (packet page 17), and by fund and institution (packet page 18).

CBJ does not have a sole individual whose job is to do investing on CBJ's behalf. The City relies on a small group of consultant advisors to help manage investments (packet page 19). Three+One helps analyze cash flow, assesses overall investments, ensures there is no idle cash, and looks broadly at the returns. Three+One is in the data business, and their job is to evaluate CBJ's investment data, compare it to that of other comparable entities, and make recommendations to ensure investments are performing as well as possible. They do not sell any investments, rather, they provide benchmarks and suggestions for improvements. Insight Investment manages CBJ's mid-term portfolio. They follow CBJ's investment policy, which provides guidelines that protect the safety and liquidity pillars while working to earn the best returns while simultaneously abiding by any restrictions and regulations.

Ms. Flick stated that CBJ's investment policy (packet pages 20 - 21) was updated in November of 2022 and will likely be discussed and reviewed with the Body in depth this fall for official approval via resolution.

b. Insight Investment (packet pages 23 - 68)

Insight Investment Senior Relationship Manager Thierno Sylla, CFA, and Senior Portfolio Manager Jason Celente, CFA/CTP, gave the Insight Investment presentation. Mr. Celente stated that he has been managing fixed income portfolios on behalf of public sector clients for almost 27 years, focused on safety, liquidity, and yield objectives, and has been the portfolio manager for CBJ since 2019.

Mr. Sylla stated that their goal is to explain who Insight Investment is as a firm, their philosophy, and how they help CBJ achieve the objectives of safety, liquidity, and yield (packet pages 26 – 35). Insight Investment is a subsidiary of BNY Bank of New York, which was established about 240 years ago and is the largest custodian in the world with almost $60 trillion in assets under its management. Insight Investment is a specialized fixed income asset manager with portfolios designed for their clients' unique needs and objectives. Globally, Insight Investment manages 161 public sector clients, and in the US, they manage just under $40 billion in public sector client assets which include almost $12 billion in operating assets. These numbers attest to their experience and expertise with the objectives of the public sector across multiple countries and states.

Mr. Sylla stated that Insight's investment philosophy is "precision plus diversification equals targeted consistent performance" (packet pages 31 - 33). This philosophy is overlayed upon CBJ's investment policy and objectives to help build and maintain the City's unique portfolio. He continued to explain their investment process and how it is customized to suit the needs and goals of each of their clients.

Mr. Celente continued the description of the investment process (packet pages 34 - 35). He stated that as portfolio managers, their job is to deliver on the yield objective in a consistent way by looking at the key drivers of return, controlling for risk, evaluating investment time duration needs and investment sectors. They leverage their resources within their investment team with specialist views, taking the best ideas, and localizing them on CBJ's behalf.

Mayor Weldon asked about the BBB rating on some of CBJ's Insight investments listed in the Appendix (packet pages 51 – 64). Mr. Celente responded that CBJ's investment policy gives Insight latitude to purchase BBB rated securities. These are all considered to be very high quality in the corporate bond realm and are investment grade or high yield. He stated that CBJ's allocation in BBB securities is consistent with high-quality portfolios.

Mr. Celente referred to the yield curve chart (packet page 37) and noted that CBJ is looking at yields between 3.5% and 4.5% in today's environment for short-term high-quality fixed income investments, which are out-earning inflation. The positive difference between inflation and returns is referred to as the "real rate" of return.

Mr. Celente continued to discuss inflation, the economy, the job market, volatility, the Federal Reserve and changing interest rates, and how such forces impact portfolio planning (packet pages 38 - 45). To summarize, the opinion of the Insight Investment advisors is that CBJ's short-term fixed investments are in a good place, it is likely that interest rates will stay where they are or even go down a bit, and CBJ is positioned to handle these possibilities.

Mr. Celente briefly reviewed CBJ's Insight Investment portfolio performance, referring to recent years' total return performance which has been beating the associated benchmark as set out in the investment policy statement (packet page 47). Insight Investment's goal on behalf of CBJ is to beat that benchmark by 25 basis points, or one quarter of 1.0%, consistently over time. The investments have been able to meet or exceed that goal by as much as 32 basis points over benchmark. Mr. Celente reviewed the securities held and diversification (packet page 48). CBJ's holdings are primarily in high-quality US government related municipal bonds and securities. There is a small amount of unrealized loss (difference between the amortized cost and the fair market value of the securities). He noted, however, that this unrealized loss is protected as long as there is no forced reason to sell at a loss. As these bonds mature, they are expected to provide a positive yield and protect the principal.

The maturity distribution chart shows how the portfolio along the yield curve is allocated (packet page 49). CBJ's portfolio characteristics (packet page 50) tie back to budgeting in terms of what this portfolio can earn over time. The summary section shows that if nothing changes over the next 12 months, CBJ can expect a 4.3% yield with this portfolio. The effective duration relates to risk in terms of unrealized losses or total return. These are sensitive things to consider in terms of budgeting.

Mr. Celente explained that Insight Investment works closely with CBJ staff, meeting quarterly to review the portfolio and to highlight any challenges or concerns. At this point in time the Insight Investment advisors do not have any concerns about CBJ's portfolio as it is performing well.

The Committee members asked questions and discussed the presentation.

c. AMLIP/APCM (packet pages 69 - 78)

Alaska Permanent Capital Management (APCM) Chief Executive Officer Bill Lierman (CFA) gave the AMLIP/APCM presentation. Mr. Lierman has been with APCM for 23 years, and his whole career has been associated with the Alaska Municipal League Investment Pool (AMLIP).

Mr. Lierman explained that AMLIP functions similarly to a money market fund. AMLIP provides a safe, short-term investment option to maximize revenue for the State and many entities, boroughs, cities, and school districts (packet page 70). AMLIP is a non-profit corporation formed by the Alaska Municipal League (AML) to provide investment services. AMLIP has a feature to add separate accounts for reporting and audit trails for funds that cannot be comingled, such as bond proceeds, grants, or specific projects. Mr. Lierman explained that entities typically need accounts for "day-to-day" operational cash, which need to be very liquid, accessible, low risk, and tend to be low yield. They may also have other accounts that tend to range on a spectrum that goes from more to less liquid, lower returns and risk to higher returns and risk. CBJ's AMLIP accounts fall between CBJ's day-to-day operations bank account (FNBA) and CBJ's short-term fixed income account (Insight Investment) on this spectrum (packet page 71).

Alaska State and local municipalities use AMLIP for their reserve accounts, operating cash, bond proceeds, tax deposits, and building projects. Members get preservation of capital, competitive returns, and reporting with audit trails (packet page 72).

Mr. Lierman explained the differences between Series I and Series II AMLIP investment accounts (packet pages 73 – 74). Series I is a money market fund, and series II is a cash enhancement pool. Series II was designed to have more credit and less liquidity for enhanced yields. Series II has outperformed Series I by 4 basis points over one year. Both Series have outperformed their benchmark consistently (packet page 75). AMLIP Series I and Series II yields have very consistently outperformed bank deposit rates (estimated as the Federal Funds Rate x 60%) (packet page 76). AMLIP has 93 members across the State of Alaska who have 242 accounts (packet page 77).

d. CashVest by Three+One (packet pages 79 - 89)

Three+One Relationship Specialist Mike Abbott and Three+One Associate Vice President Alex DeRosa gave the presentation. Mr. Abbott stated that he works with many entities across the State of Alaska and Mr. DeRosa works directly with CBJ using Three+One's CashVest product. CashVest is a data analysis system used to help entities determine how much cash they can invest and for how long while balancing liquidity needs. On the cash management side, they help ensure the entity is running as efficiently as possible, taking advantage of the best banking products that are available to them, and optimizing where balances are sitting for the best yield for taxpayer dollars.

Mr. DeRosa stated that data is at the core of everything that they do. The first data point he discussed is CBJ's CashVest Score, which is a score they provide for every public entity they work with across the country on a quarterly basis. This is a score, out of 100, that measures the entities' finance offices' performance in terms of liquidity and investment management. It is not just a measure of interest earnings. It looks at investment policy, account structure, how often electronic payments are used vs. paper checks, and the overall efficiency of the finance operations. CBJ's CashVest Score is 96 (packet page 80, left side) which is the highest score of any municipality they work with in the State of Alaska. This score has steadily improved over time from an initial score of 76 (October 31, 2023). For reference, the average initial score of CashVest's clients is 55, so even from the beginning of this working relationship, CBJ was doing a very good job in terms of cash management, and with improvements, CBJ is now a leader in the world of cash and investment management, particularly in Alaska.

Mr. DeRosa pointed out that CBJ's interest earned over the past 12 months is more than $10,500,000 on a capped basis across all bank, AMLIP, and investment accounts. This is a major revenue source for CBJ, and their goal is to keep this value consistent (packet page 80, right side).

Mr. DeRosa discussed CBJ's cash and investment balance tracking chart (packet page 81) which shows CBJ's balances for all accounts every day for the past three years. This chart provides easy year-over-year comparisons and opportunities to see and discuss trends with CBJ's finance staff. CashVest and CBJ staff have quarterly conversations to proactively plan for upcoming changes, such as reduced sales tax revenue or greater project spending, and to determine where best for CBJ to keep their account dollars.

Mr. DeRosa explained that a core function of CashVest is to look at the details of CBJ's transaction data (packet page 82). This is data that can be broken down and used to strategically manage cash and banking relationships for the best possible outcomes, yields, and fees. Another core aspect of Three+One's focus is banking services and fees.

Mr. Abbott continued the discussion of CBJ's cash management statistics (packet page 82) and pointed out the City's high ratio of ACH payments vs. check payments - $564,209,860 in ACH payments compared to $75,700,264 in check payments. This is important during this time of extensive check fraud. Electronic payments are safe, less time-consuming for staff, and much less costly than producing, printing, and mailing paper checks. These numbers are a credit to the CBJ staff who have been implementing improvements.

Mr. Abbott stated that they have been working with CBJ and First National Bank of Alaska (FNBA) to ensure that all balances are in the most advantageous accounts where they will earn the most interest (packet page 83).

The number one job of a public finance official is safety, then liquidity, and then yield. The yield is still important, making sure that while working within the first two parameters and ensuring there is enough cash for daily operations, the excess is moved into investments to earn as much as possible. CBJ's decision to strategically move funds into higher yield products rather than letting them sit in a low yield bank account to offset bank fees resulted in an additional $35,000 in revenue over the past year.

Mr. DeRosa interjected that the bank relationship management slide (packet page 83) shows that CBJ is typically able to keep the account balance at FNBA below $10,000,000. Comparing this to the volume of financial transactions being done (packet page 82) shows how well CBJ staff manage cash balances by diligently and effectively moving funds into the higher yield AMLIP and investment accounts when feasible.

Mr. Abbott noted that fixed income is another area to highlight. He stated that CBJ has done a great job using all the available products and diversifying its mix of accounts to protect against market and economic volatility while maintaining cash earnings. This is important from a budget perspective as having cash invested for as little as 6 months to up to five years ensures that interest earnings will be coming even if interest rates go down or drop to zero.

Mr. DeRosa added that compared to the first year they work with CBJ, the City is now keeping about 35% less cash in lower-rate bank accounts, which means even more cash in AMLIP and Insight Investment portfolios. This has been accomplished by proactive planning to move cash into higher yield accounts and back to FNBA for times when there will be increased spending and/or potentially reduced revenues.

Mr. DeRosa commended CBJ's diversified approach to liquidity management and referred to the chart (packet page 85) showing a higher amount of fixed income balances which are low liquidity with earning higher rates (Insight Investment and AMLIP Series II portfolios), a smaller amount n somewhat higher-yield, less liquid accounts (AMLIP Series I), and the least amount in the low or no yield, high liquid bank account.

Mr. DeRosa stated that CBJ operating with a centralized treasury model really is the gold standard, and they wish that more public entities would function using this model from an accounting and banking standpoint, as it offers many strengths and benefits. Three+One works with counties, cities, and schools all over the US, reviewing their banking and investment relationships, and they are able to make comparisons to see how different entities are performing in relation to each other. In comparison to sample counties in other parts of the country, in terms of percentage of balances in fixed income accounts, CBJ is doing an excellent job (packet page 86).

e. Final Thoughts (packet pages 90 - 93)

Ms. Flick provided the final thoughts regarding the investment update. She reiterated that the focus is on keeping taxpayer funds safe, ensuring there is cash on hand when needed, and maximizing yield as much as possible (packet page 91). BRH and JSD actively manage and handle much of their own payment and income processing. This requires active communication between them and CBJ Finance Treasury staff to understand their needs and help ensure their funds are managed well.

CBJ Finance staff are working actively every day to keep CBJ bank account balances as low as possible within comfort as the City remains very financially conservative. Weekly transfers into the FNBA account from AMLIP are currently being made, and as property tax season gets underway and revenue increases, these transfers will reverse direction, going from FNBA to AMLIP investments.

CBJ staff meet quarterly with Three+One and Insight Investment to review data and performance, and Juneau staff members, including Ms. Flick, are active on the AMLIP Board, and are involved in understanding how the AMLIP portfolios are managed.

All interest earnings flow into the General Fund (packet page 92), other than interest from the Vanguard account which is focused on the Library and Arboretum Endowments. Enterprise and special revenue funds and their average balances are assessed, and interest earnings are distributed to them from the General Fund. Budgeted interest earnings are based on expectations and conversations with Insight Investment regarding anticipated yield rates with consideration for estimates for enterprise and special revenue fund needs. This requires a careful balance to ensure that if the investment market takes a downturn, CBJ's programs and budget are not at risk from a revenue perspective.

The Committee recessed at 7:03 pm.
The Committee reconvened at 7:15 pm.

4. Cost Allocation Update (packet pages 94 - 109)

Ms. Flick provided the Cost Allocation update and noted that this is not something with which the Assembly or an elected body is typically involved. However, some changes are happening, and because CBJ has a governance structure with appointed people overseeing different departments, this information may be relevant to this Body for the upcoming budget season.

Ms. Flick stated that CBJ has a new vendor which will be discussed shortly and methodology changes are being implemented to the historical allocation plan (packet page 95). She noted that the Assembly does hear about cost allocation during the budget season, for instance recently from the Airport, Eaglecrest, and Docks and Harbors in terms of allocated costs for landscaping, building maintenance, insurance, fleet maintenance, etc. (packet pages 96 - 98).

Ms. Flick provided an explanation of cost allocation. Cost allocation is a system that takes the central services, or "behind the scenes" costs of running an organization and allocates them back to the rest of the organization. Examples of central services include leadership, legal services, human resources functions, financial services, etc., which operate within the General Fund and provide services to other departments. These costs are allocated to all departments and funds based on their allocated usage of the services. Only non-general funded service recipient departments are charged, as there is no point in charging the General Fund for General Fund provided services (packet page 99).

Contrary to cost allocation, departments are charged directly for services that can be tied to measurable active consumption, such as risk management liability services, employee benefits, facilities management, vehicle fuel purchases and vehicle/equipment maintenance services (packet page 100).

Ms. Flick explained that cost allocation is called by different names by different organizations, such as indirect allocation, central service cost allocation, overhead, etc. (packet page 101). At CBJ, it is referred to as the Full Cost Allocation plan.

Allocating indirect costs is a "best practice" as defined by the Government Finance Officers Association (GFOA) (packet pages 102 - 103). GFOA is the leading national organization regarding industry standards for government finance practices, and their guidelines help determine CBJ's budgeting, accounting, treasury, investment, and other policies. GFOA recommends that governments allocate their indirect costs and provides best practice guidelines for doing so. It is important to understand that cost allocation is not a perfect practice, as it is based on estimates. However, Ms. Flick explained, if every minute of time and every dollar of indirect costs needed to be tracked, CBJ would need to vastly increase their finance staff count and that is why indirect cost allocations are used.

GFOA's best practices state that the methodology used in allocation should be fair, rational, and consistently applied. The basis for allocation of each indirect cost should reasonably approximate the proportional share of service received from the service provider.[1]

Ms. Flick explained that there are multiple types of cost allocations that need to be used for different situations. At CBJ, these are the CBJ Full Cost Allocation, OMB cost allocation for Federal programs such as for the Airport, allocations for grants, and the Marine Passenger Fee (MPF) allocation (packet page 104). CBJ hires a consultant to determine these different allocation amounts. Each of these allocations are complicated and use different metrics.

Ms. Flick provided some CBJ cost allocation history (packet page 105). Prior to six years ago, CBJ calculated the central services cost allocation in-house. With the Cruise Lines International Association (CLIA) settlement, a consultant was brought onboard to prepare annual cost allocation plans for CBJ. In 2025, a Request For Proposal (RFP) was issued to select a new cost allocation consultant for the best price for CBJ's allocation needs and requirements. Since that time, CBJ's allocation methods are in process of being reviewed to ensure that they are explainable, attainable, and make sense. Review of the Full Cost Allocation plan has been completed, and the other allocation plans are being evaluated.

Ms. Flick explained that the data that drives cost allocation rates is different for different cost allocation methods (packet page 106). For the upcoming FY28 budget process, for the Full Cost Allocation, FY27 budgeted expenditures are allocated using FY26 data metrics. For the OMB cost allocation which impacts the airport, FY25 audited expense actuals are allocated using FY25 data metrics. Cost allocations always work on a lagging basis, however, the OMB allocation functions on a bigger lag. Of note, she added, is that Eaglecrest will see higher allocation amounts in FY28 as many allocations are based on approved FTE, and Eaglecrest had a significant boost in FTE in FY26.

As to what is next with cost allocations (packet pages 107 - 108), Ms. Flick stated the thorough review that is in process will likely lead to methodology adjustments which will mean some departments will pay more and some less. Operational cost increases (inflation, MEBA contracts, scope increases, etc.) have led to an increase in central service department expenses for the services they provide, leading to an overall increase in the basic cost amount being allocated. CBJ uses a three-year smoothing methodology so that no department should see an unmanageable increase in a single year.

The prior consultant recommended excluding sales and property tax functions from the cost base. However, working with the new cost allocation consultant, it is typical for government entities to include these tax functions in their cost base, and CBJ will start including them in allocations for the FY28 budget process.

Finance staff will start meeting with the receiving departments (those being charged) to explain the rate process and anticipated rate changes for FY28. It is likely that Assemblymembers may hear from empowered boards during and possibly prior to the FY28 budget season with questions and concerns about their cost allocation expenses, and CBJ staff are available for information, clarification, and answers.

[1] https://www.gfoa.org/materials/indirect-cost-allocation

5. ERP/EDMS Project Introduction (packet pages 110 - 117)

Ms. Flick stated that upcoming changes will help move CBJ into the current century in terms of technology, and she remarked that change can be challenging and difficult while simultaneously beneficial.

Ms. Flick explained that Enterprise Resource Planning (ERP) relates to the behind-the-scenes systems that help an organization function (packet page 112). These are the systems that take care of human resources, accounting, billing, payroll, budgeting, cash and banking, etc. Currently, CBJ uses InforLawson (Lawson) and Harris Govern (Govern) to process such functions, along with Euna which is a relatively new system that CBJ is using for budgeting. CBJ needs to find replacements for InforLawson and Harris Govern.

Electronic Document Management System (EDMS) is a software application (packet page 113) that allows document storage and organization to be arranged by document type (invoices, position descriptions, journal entries, etc.) and indexes to make them easily searched and retrieved, with security access set by document type. A good EDMS sets parameters for retention control, approvals, and audit trails. Current CBJ applications for documents include file cabinets, desk drawers and shelves, file boxes, shared network drives, and SharePoint sites. The initial implementation focus for EDMS will be ERP related documents, but the goal is to have a robust enough EDMS to care for documents city wide, including document integration for related transactions.

InforLawson is facing the end of its functional life and tech support at the end of December 2030, and CBJ must be fully operational on a new system prior to that time (packet page 114). This change will have system wide impacts, and it is being managed as high risk. ERP implementations are expenses and time consuming for staff, however, they are periodically necessary as technology and systems evolve.

Ms. Flick explained that CBJ staff will procure the best, most efficient, and cost-effective system that meets the City's needs, while considering potential future industry changes that may require eventual adaptation. CBJ needs to reduce the number of manual processes that are required with its current systems, including document management. Staff will enact changes in processes, integration, and procedures to maximize efficiencies that can be gained from a modern ERP. Staff will actively manage the requirements for information gathering, solicitation, and implementation of the final solution, while managing scope creep and staying on time with the project.

Staff will not purchase a system and then customize it to work with the current system processes. Software customization leads to security and upgrading issues and is to be avoided. Adjustments to processes and potentially CBJ Code must be considered before any customizations to the software are made.

Ms. Flick stated that this project plan (packet page 115) is starting next week. There is a Project Manager (PM) in place who will help work through requirements gathering and create a scope of work to be included in the RFP. Once the RFP is out, the PM will help work through vendor selection and get the implementation started. The goal is to go live with the ERP in July of 2029, which would be the start of FY30. This goal gives a buffer to work out implementation bugs and issues, gives time for post-go-live support, and allows handling any punch list items to be addressed after implementation. This process will likely revolutionize and improve time and efficiency for some of the back-office processes that are necessary for a functioning government.

The Body asked questions and discussed the topic.

6. Senior Hardship Exemptions (packet pages 118 - 124)

Ms. Flick stated that she was asked to write a memo to give context regarding the Senior Hardship exemption for property taxes (packet pages 118 - 120). This ordinance was introduced on June 8 with direction to go for public hearing and action during the July 27, 2026 Regular Assembly meeting. Because it was introduced and set for public hearing, this ordinance may be discussed at the current AFC meeting, however, if the Body wishes to change it, amendments may be brought forward at the July 27th Regular Assembly meeting, then referred back to the AFC. Ms. Flick added that because this ordinance is related to property taxes it would need to have an effective date of January 1, 2027, so there is more time to make changes on it for the FY28 budget cycle.

Ms. Flick explained that the State requires municipalities to provide a tax exemption on the first $150,000 of assessed property value to Alaska residents aged 65 or older, if they are a disabled veteran, or if they are an Alaska resident, at least 60-years old, who are the widow or widower of someone who was 65 or older. This is a requirement of the State and is an unfunded mandate, meaning Alaska does not compensate municipalities for the lost property tax income resultant from this State requirement.

Ms. Flick continued to explain that the Foregone Revenue Subcommittee assessed CBJ's sales tax and property tax exemptions, and during the April 22, 2026 AFC meeting, a policy discussion was recommended regarding the senior hardship exemption (bottom of packet page 118). To facilitate getting this to the Body for consideration, Municipal Attorney Emily Wright was asked to write a draft ordinance using an alternative measure of hardship. Currently, the definition of hardship for this exemption is based on 120% of the median family income. However, in other locations, hardship is typically based on Federal Poverty Guidelines (FPG) issued by the US Department of Health and Human Services (HHS). FPG are used for CBJ's sales tax hardship exemptions as well as things like qualification for court-appointed counsel, SNAP benefits, Medicaid, etc. When this ordinance was drafted for discussion, it was decided to use 250% of the FPG as a starting point.

Ms. Flick referred to the charts (packet page 119) that compare the differences between 120% of Median Income (MI) and 250% FPG for households from one to four members for 2025. The current (120% of MI) annual income level for a one-person household to qualify for the hardship exemption is $118,562. If CBJ were to change this to 250% of FPG, the same scale as used for the sales tax rebate, the annual income limit would be $48,875. A full chart of Poverty Guidelines for Alaska for 2025 is available (packet page 124).

As this exemption exists currently, there is no correlation to property value. To tie the exemption to property value there was discussion about capping the exemption amount (packet page 120). With the proposed ordinance, if someone applies and meets the income requirement, they can receive an exemption, however, the exemption will be capped at the property tax liability of the median single-family home property tax amount. For example, in 2025, the median single-family home assessed value was $496,000, and with the FY26 mill rate of 10.24, property tax on that median single-family home would be $5,079.04. If this change as proposed is adopted by the Assembly, that property tax amount would be the maximum exemption that someone could get.

The Body asked questions and discussed the topic.

7. ARFF Appropriating Ordinance (packet pages 125 - 135)

Ms. Flick stated that the Juneau International Airport (JNU) has requested a reimbursement for the cost of leasing (up to $162,000) an Aircraft Rescue and Firefighting (ARFF) vehicle until their second ARFF truck is online and in service in October. The purchase of the new ARFF truck is reimbursable through a Federal Aviation Administration (FAA) program; however, leasing is not. The proposed draft ordinance (packet page 125) came about from a request by the Airport Board as discussed in the minutes from their March 12, 2026 meeting (Section D on packet pages 129 – 131).

The Body asked questions and discussed the topic.

<u>Motion</u>: by Assemblymember Kelly to introduce Ordinance 2026-01(b)(A) – An Ordinance Appropriating up to $162,000 to the Manager to Lease Aircraft Rescue and Firefighting (ARFF) Apparatus at the Juneau International Airport; Funding Provided by Sales Tax Funds, at the July 27, 2026, Assembly meeting.

<u>Objection</u>: by Assemblymember Adkison as the airport has funds to pay for the lease other than through CBJ's fund balance which is not currently in a strong position.

The Committee members discussed the motion and agreed that none of them would vote for it.

Assemblymember Kelly withdrew the motion.

8. Information Only: Sales Tax Delinquency Report (packet pages 136 - 151)

Ms. Flick stated that the most recent delinquent sales tax publication is available (packet pages 136 - 151).

Mayor Weldon asked why businesses that owe large amounts in sales taxes are allowed to stay in business. Ms. Flick responded that CBJ does not have any remedy in place that would allow them to close a business due to lack of reporting, collecting, or remitting sales tax. However, CBJ does actively and progressively engage all their available tools and legal methods to try to get compliance. Sometimes this involves simply sending letters and reminders, and sometimes it takes liens, civil, or criminal charges being filed. However, the City does not have the authority to shut down a business due to lack of compliance.

Assemblymember Steininger asked if there is a procedure for non-filers who registered, then never operated and do not plan to operate a business, to close their account so that it does not continue to show on this list. Ms. Flick responded that such owners may contact the sales tax office (sales.tax.office@juneau.gov, (907) 586-5215 ext. 4901) to discuss closing a non-operational business sales tax account.

E. NEXT MEETING DATE

9. September 2, 2026, at 5:30 PM

F. SUPPLEMENTAL MATERIALS

G. ADJOURNMENT

The meeting adjourned at 8:34 pm.

ADA accommodations available upon request: contact the Clerk's Office (907)586-5278 at least 36 hours prior to a meeting, to request ADA arrangements.

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

DATE: August 27, 2026

TO: Assembly Finance Committee

FROM: Angie Flick, Finance Director

SUBJECT: **Ordinance 2026-32 – Sales Tax and Non-Profits**

The purpose of this memo is to provide the Assembly Finance Committee (AFC) with a brief summary of the status and journey of Ordinance 2026-32 “An Ordinance Amending the Uniform Sales Tax Code Exemptions Under CBJC 69.05.040” which will simply be called the Non-Profit Sales Tax Ordinance in this memo.

General Background

During the FY27 Budget Cycle, the AFC considered several changes to sales tax and property tax code as it related primarily to exemptions and revenue that was not realized due to exemptions. A sub-committee of the Assembly worked to bring together a handful of areas where they believed the AFC could re-evaluate the public purpose of these exemptions and potentially make changes which were presented at the April 22, 2026 AFC meeting. Direction given by the AFC at that meeting resulted in 11 ordinances being brought back to the AFC for consideration at the May 13, 2026 AFC meeting. The ordinance related to non-profits was designated in the packet as Attachment D.

It was discussed again at the June 3, 2026 AFC meeting. At that meeting, several amendments were discussed. The ordinance was amended at this meeting to ensure that tribal governments were placed in the same position with state and local government. When the ordinances were first introduced (May 13), a chart was provided indicating the anticipated revenue from the various ordinances. In the case of the non-profit ordinance, the estimated revenue was $3.3M annually based on the version introduced at that meeting. As a point of clarification, the adjustment of treating tribal government the same as state and local governments does not change that estimate.

The amended ordinance was introduced at the Regular Assembly meeting on June 8, 2026 and was included in the Regular Assembly meeting on July 27, 2026 for public hearing and action. At the July 27 meeting, Attorney Wright also included a staff-suggested amendment intended to provide clarifying language. At that meeting, the ordinance was referred back to the AFC. The ordinance as presented on July 27 along with the staff amendment are included in this AFC packet for your reference.

Suggested Actions

Discuss the ordinance and staff-suggested amendment. One of several paths can be taken:

1. Amend the ordinance and move to the full Assembly for action.
2. Provide clear goals that the Body wishes an ordinance to capture and direct staff to bring back an amended ordinance for consideration.
3. Take no action and the ordinance remains in committee.

Presented by: The Manager
Presented: 06/08/2026
Drafted by: Law Department

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2026-32

An Ordinance Amending the Uniform Sales Tax Code Exemptions Under CBJC 69.05.040.

WHEREAS, the Assembly finds that there is public purpose to the provision of social services by non-profits designed to assist vulnerable, disadvantaged, or distressed individuals and communities.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is of a general and permanent nature and shall become a part of the City and Borough of Juneau Municipal Code.

Section 2. Amendment of Section. CBJC 69.05.040, Exemptions, is amended to read:

69.05.040 Exemptions.

The tax levied under this chapter shall not apply to the following transactions:

***

(12) Sales, services, and rentals to a buyer, or <u>social services provided</u> ~~made~~ by a seller, organized and administered solely by an organization that has a current 501(c)(3), 501(c)(4), or 501(c)(19) exemption ruling from the Internal Revenue Service and an exemption certificate from the manager, provided this exemption applies to sellers only if the income from the sale is exempt from

federal income taxation. ~~This exemption does not apply to the sale of pull-tab games.~~

(13) Retail sales, services, and rentals of real or tangible personal property to or by the state, a rural education attendance area or like entity, a federally recognized Indian tribe, or a municipality. This exemption does not apply to the following:

(a) Sales of pull-tab games by federally recognized Indian tribes, political subdivisions, and municipalities; or

(b) Retail sales, services, and rentals of real and tangible personal property by the City and Borough listed in this subsection (13)(b)(1)-(10):

1. Bartlett Regional Hospital sales, services, and rentals;
2. Capital Transit passenger fares and passes;
3. Sales of municipal real property, gravel, and minerals;
4. Parks and recreation department sales, services, and rentals;
5. Eaglecrest Ski Area sales, services, and rentals;
6. Hagevig Fire Training Center sales, services, and rentals;
7. Juneau International Airport sales, services, and rentals;
8. Sewer utility and water utility sales, services, and rentals;
9. Port and harbor sales, services, and rentals authorized by title 85 of this Code~~.~~;
10. Juneau-Douglas City Museum.

***

Section 3. **Effective Date.** This ordinance shall be effective October 1, 2026.

Adopted this ________ day of _______________________, 2026.

____
Beth A. Weldon, Mayor

Attest:

____
Breckan L. Hendricks, Municipal Clerk

MEMORANDUM

DATE: 7/27/2026

TO: CBJ Assembly

FROM: Emily Wright, City Attorney

SUBJECT: Recommended Amendment

LAW DEPARTMENT
155 Heritage Way
Juneau, AK 99801
Ph: (907) 586-5242
Fax: (907) 586-4567

At the last Assembly meeting, the Mayor presented an amendment to Ordinance 2026-32 which I drafted. The Mayor gave a comprehensive explanation and there was a robust conversation by the Assembly before the amendment was accepted.

In the interim, a member of the public reached out to me to understand the Ordinance. In walking through the language, I realized that I had not clearly drafted the language to reflect the intent and conversation by the Assembly.

The current language reads:

> Sales, services, and rentals to a buyer, or social services provided ~~made~~ by a-seller, organized and administered solely by an organization that has a current 501(c)(3), 501(c)(4), or 501(c)(19) exemption ruling from the Internal Revenue Service and an exemption certificate from the manager, provided this exemption applies to sellers only if the income from the sale is exempt from federal income taxation. ~~This exemption does not apply to the sale of pull-tab games.~~

The intent was that items purchased by a non-profit and social services provided by non-profits should be exempt from sales tax. With that in mind, I recommend the following amendment:

> Sales, services, and rentals to a buyer, ~~made by a seller, organized and administered solely by an organization~~ that has a current 501(c)(3), 501(c)(4), or 501(c)(19) exemption ruling from the Internal Revenue Service and an exemption certificate from the manager, provided this exemption applies to sellers only if the income from the sale is exempt from federal income taxation. Social services provided by an organization that has a current 501(c)(3), 501(c)(4), or 501(c)(19) exemption ruling from the Internal Revenue Service and an exemption certificate from the manager, provided this exemption applies to sellers only if the income from the sale is exempt from federal income taxation. ~~This exemption does not apply to the sale of pull-tab games.~~

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

DATE: August 27, 2026

TO: Assembly Finance Committee

FROM: Angie Flick, Finance Director

SUBJECT: **Juneau Arts and Humanities Council's (JAHC) 2027 Assembly Grant**

The purpose of this memo is to provide the Assembly Finance Committee (AFC) with information related to the Juneau Arts and Humanities Council's (JAHC's) request for a change in the terms of their Memorandum of Agreement (MOA) for the FY27 Assembly Grant. The requested change is to remove the restriction/expectation that the grant be primarily spent on regranting purposes; but instead be used for general organizational expenses or overhead.

General Practice Background

Typically, the Assembly provides grants to both partner agencies and in response to community requests as part of the budget process. Administratively, staff work with all grant recipients to develop and agree to the terms of the grant in the form of a Memorandum of Agreement. This agreement clarifies why the grant is being given, what the grantee is expected to accomplish with the grant, and reporting requirements. Once the MOA is finalized and signed, funds are disbursed to the grantee.

Partner Agencies are those organizations that regularly receive a level of funding annually and provide services on behalf of CBJ. These groups are not required to solicit status quo funding each year from the Assembly as the Manager will include this funding in her proposed budget. Community Organizations are other groups seeking financial support from the Assembly through the Assembly Grant process.

FY27 JAHC Assembly Grant

JAHC is considered a partner agency as it provides services to the community on behalf of the Assembly. The scope of the program is aligned with the JAHC's mission to cultivate vibrant arts and cultural opportunities to the community and foster a strong, prosperous, and inclusive environment where creativity and innovation thrive.

Leading up to the Assembly's budget work, each partner agency is invited to present to the AFC in order to provide an update on the organization, performance over the last year and preview of things to come. It is not intended to be a budget presentation or financial ask because they are partner agencies and included in the Manager's Proposed Budget. The JAHC's presentation was on March 4, 2026.

Many Assembly grants were identified as potential service reductions for the FY27 budget. The JAHC was approved for a grant without any reductions of $202,000 in the FY27 budget. The May 20, 2026, AFC draft minutes include some questions and conversation with the JAHC Executive Director on the impacts of a grant reduction.

The MOA was updated FY26 to FY27 with the same allocation direction. The full MOA is attached, but the specific guidance of funding use is as follows:

CBJ will provide direct reimbursement to JAHC for the grant activities enumerated below:

- *One hundred and thirty thousand dollars ($130,000) funding for fine art and cultural programs in Juneau. The following activities are eligible under this cost category:*

- *One hundred fifteen thousand dollars ($115,000) for major grants.*
- *Twelve thousand dollars ($12,000) for individual artist grants. JAHC will provide pass-through grants in the amount of one thousand dollars ($1,000).*
- *Three thousand dollars ($3,000) for catalyst grants to finance new and emerging projects and opportunities. JAHC will provide pass-through grants in the amount of five hundred dollars ($500).*

- *Twelve thousand dollars ($12,000) to fund Juneau Arts and Culture Center (JACC) rental costs for smaller organizations; and*

- *Sixty-eight thousand eighty dollars ($60,000) will be used for administration costs incurred in managing the pass-through grant funded programs and hosting community events.*

CBJ grant funding can only be used for the program functions noted above. Any changes in the program scope will require prior approval by CBJ.

The Executive Director has pushed back on this allocation restriction and has requested that there be no restrictions on use of funds as has been done in the past. Below is a table showing the MOA use of funds and the JAHC's planned use of funds.

Use	Historical Breakout	JAHC Planned Amount
Fine Arts & Cultural Grants		
Major Grants	$115,000	$55,000
Individual Artist Grants ($1K each)	12,000	5,000
Catalyst Grants ($500 each)	3,000	0
Rental Costs for Small Organizations	12,000	0
Youth, Arts Education and Community Programming	0	80,000
Administrative cost	60,000	62,000
Total	**$202,000**	**$202,000**

The Youth, Arts Education and Community Programming work has historically been performed through other funding sources, not an Assembly grant and is considered operational. Because this request to use the majority of grant funds for operations rather than regranting does not align with the partner agency past practice, nor can staff find direction from AFC or Assembly deviating from past practice; this request is being brought to the AFC for official direction.

In past years, $60,000 in administrative cost was reflective of approximately 30% in indirect costs associated with this grant. Typical indirect rates for other non-profit grantees are between 10 and 19% (SCC/AEYC at 10%, JCF is 3%, Travel Juneau is 19%, Downtown Business Association is 15%) which is more in line with industry trends.

Summary and Action Requested

The JAHC has rejected the FY27 MOA in its current form as it requires specific use of grant funds. This item is before the AFC for clarification on direction for the use of the FY27 Assembly Grant.

Recommended action: Discuss the intended use of grant funding and provide clear direction (a motion is preferred) directing staff to keep or amend the MOA as drafted.

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

DATE: August 24, 2026

TO: Assembly Finance Committee

FROM: Angie Flick, Finance Director

SUBJECT: **HESCO Barrier Funding and Transfers - Ord 2026-01(b)(D) and Ord 2026-01(b)(E)**

The purpose of this memo is to provide the Assembly Finance Committee (AFC) with additional background and information on Ordinances 2026-01(b)(D) and Ord 2026-01(b)(E) which were introduced on August 17, 2026 and anticipated to be in front of the Assembly for public hearing and action on September 14, 2026.

Ordinance 2026-01(b)(D) – Reserve for grants post-HESCO barriers

When the Assembly began the process of funding the original HESCO barrier installation along with a Local Improvement District in Ordinance 2024-40(am)(b) (adopted February 3, 2025); the ordinance included the establishment of a reserve in Section 8. The section text is below:

> **Section 8. Reserve funds.** $500,000 in reserve funds will be placed in an account to be used upon the removal of the HESCO barrier to rebuild any appurtenance removed by the City and Borough on riverbank properties. Riverbank property owners may apply for reimbursement of up to $25,000 for necessary rebuilds. Applications must be approved by the Manager's office prior to the expenditure of funds.

The source of this funding was included in the original HESCO CIP project. Now that the initial HESCO barrier installation work is complete, Ordinance 2026-01(b)(D) transfers the reserve ($500,000) from the CIP project to the Lands Fund where it will be kept in a restricted account until such time as the HESCO barriers are removed and the grant process related to Section 8 is established.

Ordinance 2026-01(b)(E) – Transfer for loan repayments

On May 4, 2026, the Committee of the Whole (COW) met and Manager Koester along with Director Koch and members of the Engineering and Public Works Department provided the Assembly with an update on the glacial lake outburst flooding (GLOF) and the HESCO barrier work. One component that was discussed was the financing of the HESCO work.

I must divert for a moment as it is important to acknowledge and thank two groups that have significantly contributed to the safety of our community. The US Army Corps of Engineers (USACE) has been a vital partner not only in developing solutions with CBJ; but also supplying significant resources to build a section of the HESCO barriers with physical construction and full financial burden. The State of Alaska's Department of Environmental Conservation (ADEC) has also provided substantial financial support through funding CBJ's portion of the HESCO barriers. The ADEC State Revolving Loan Fund (SRLF) Program has provided significant funding ($25M) with 50% loan forgiveness. This loan arrangement is saving the residents of Juneau millions of dollars to address flood-fight needs.

At the May 4th COW meeting, Manager Koester indicated that CBJ had ring-fenced funding to repay the ADEC loan that was funding the CBJ portion of HESCO work. The funding existed within the CIP projects that had been established. Ordinance 2026-01(b)(E) moves funds related to the initial HESCO work that were ring-fenced for loan repayment from the capital project to a reserve in the Debt Service Fund to repay that portion of the ADEC

SRLF loan as it comes due. As the paperwork and accounting is finalized for the HESCO barrier work outside of the initial LID-related project; the Assembly will see a similar transfer ordinance addressing the funding and repayment of the corresponding portion of the ADEC SRLF loan.

Future HESCO work funded by ADEC SRLF

As the Assembly approves work surrounding HESCO repairs or additional work that will utilize the remaining capacity from the approved ADEC loan; we will need to determine the source of funding to repay that portion of the loan. The full approval of the loan is $25,845,000. The initial HESCO work utilized $4.6M; the additional HESCO work is budgeted to utilize $14.8M which results in $6.4M available for additional work. Currently, there are no funds set aside to repay the remaining $3.2M (50% of the $6.4M remaining loan capacity) if the full loan amount is utilized.

Summary and Recommended Action

Ordinances 2026-01(b)(D) and Ord 2026-01(b)(E) were introduced on August 17, 2026 and referred to the AFC. Staff are available to answer any questions.

Recommended action: Ordinances 2026-01(b)(D) and Ord 2026-01(b)(E) be moved to the full Assembly for public hearing and action at the next Assembly meeting.

Presented by: The Manager
Introduced: August 17, 2026
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2026-01(b)(D)

An Ordinance Transferring $500,000 from CIP D14-101 Outburst Flooding Improvements to the Lands Fund to Establish a Reserve Account for Restoration of Riverbank Property Appurtenances Following Future Removal of HESCO Barriers; Funding Provided by Restricted Budget Reserve Funds.

WHEREAS, Ordinance 2024-40(am)(b), adopted on February 3, 2025, created Local Improvement District (LID) 210 HESCO Barrier Project Phase 1; and

WHEREAS, to protect thousands of properties, the City and Borough installed, reinforced, rehabilitated, and raised HESCO barriers along the populated banks of the Mendenhall River, in some cases resulting in the removal or displacement of residential property appurtenances; and

WHEREAS, Ordinance 2024-40(am)(b) Section 8 stipulates $500,000 in reserve funds will be placed in an account to be used upon the removal of the HESCO barrier to rebuild any appurtenance removed by the City and Borough on riverbank properties.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Transfer of Appropriation. It is hereby ordered by the Assembly of the City and Borough of Juneau, Alaska, that $500,000 be transferred from CIP D14-101 Outburst Flooding Improvements to the Lands Fund to establish a reserve account for restoration of riverbank property appurtenances following future removal of HESCO barriers.

Section 3. Source of Funds.

Restricted Budget Reserves	$ 500,000

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this_________ day of _________, 2026.

____
Beth A. Weldon, Mayor

Attest:

____
Breckan L. Hendricks, Municipal Clerk

Presented by:	The Manager
Introduced:	August 17, 2026
Drafted by:	Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2026-01(b)(E)

An Ordinance Transferring $4,033,711 from CIP D14-101 Outburst Flooding Improvements to the Debt Service Fund to Establish a Reserve Account for Future Repayment of the Alaska Department of Environmental Conservation HESCO Barrier Loan; Funding Provided by General Funds and Restricted Budget Reserve Funds.

WHEREAS, Ordinance 2024-01(b)(AV) and Ordinance 2025-01(b)(AM) appropriated a total of $25,845,000 in Alaska Department of Environmental Conservation (ADEC) loan proceeds for HESCO barrier installation, reinforcement, and rehabilitation (loan #445441); and

WHEREAS, ADEC Loan #445441 provides for 50% principal forgiveness upon entry into repayment, resulting in a maximum principal debt obligation for the City and Borough of Juneau of $12,922,500, excluding accrued interest; and

WHEREAS, this ordinance reserves $4,033,711 for the future payment of a portion of the loan debt service obligation.

BE IT ENACTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

Section 1. Classification. This ordinance is a noncode ordinance.

Section 2. Transfer of Appropriation. It is hereby ordered by the Assembly of the City and Borough of Juneau, Alaska, that $4,033,711 be transferred from CIP D14-101 Outburst Flooding Improvements to the Debt Service Fund to establish a reserve account for future repayment of the Alaska Department of Environmental Conservation HESCO barrier loan.

Section 3. Source of Funds.

General Funds	$ 2,533,711
Restricted Budget Reserves	1,500,000
	$ 4,033,711

Section 4. Effective Date. This ordinance shall become effective upon adoption.

Adopted this_________ day of _________, 2026.

____
Beth A. Weldon, Mayor

Attest:

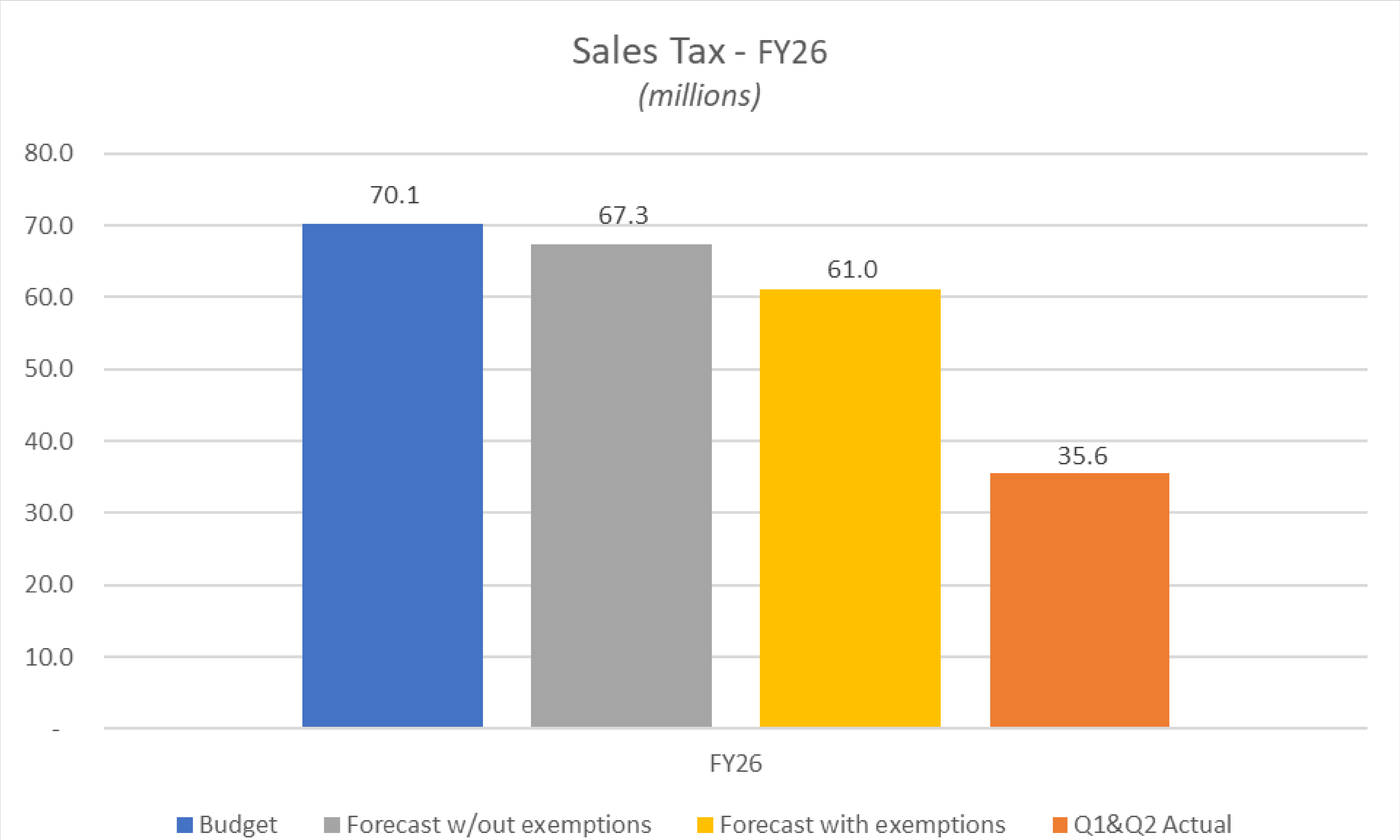
____
Breckan L. Hendricks, Municipal Clerk

Sales Tax –
How did we do?

CITY AND BOROUGH OF
JUNEAU
ALASKA'S CAPITAL CITY

FY26 Sales Tax Annual Total

FROM: April 11, 2026

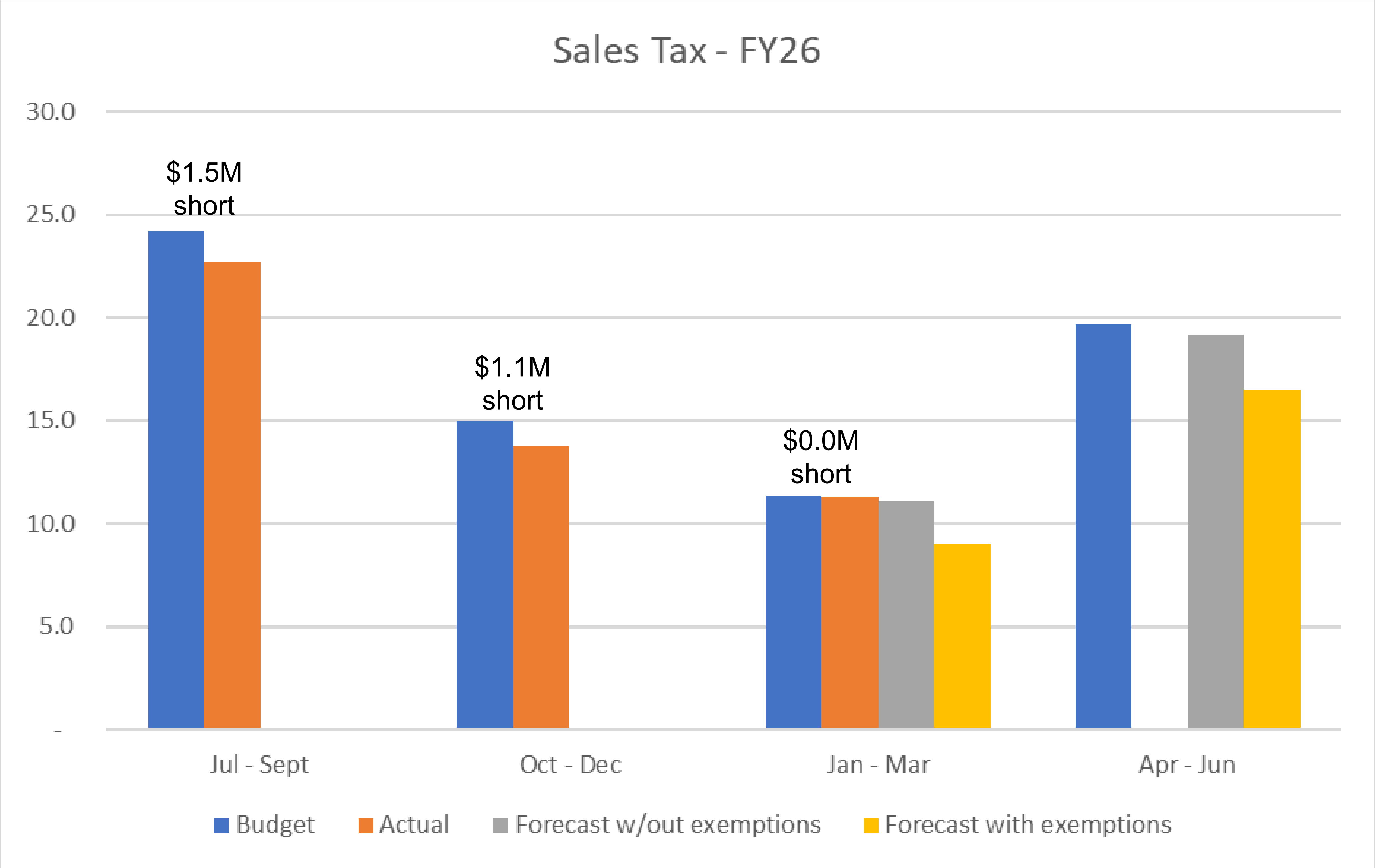


** Forecasts include actual data **

FY26 Third Quarter (Jan - Mar) is due April 30
Data available approximately May 20
First full quarter with new sales tax exemptions

CITY AND BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

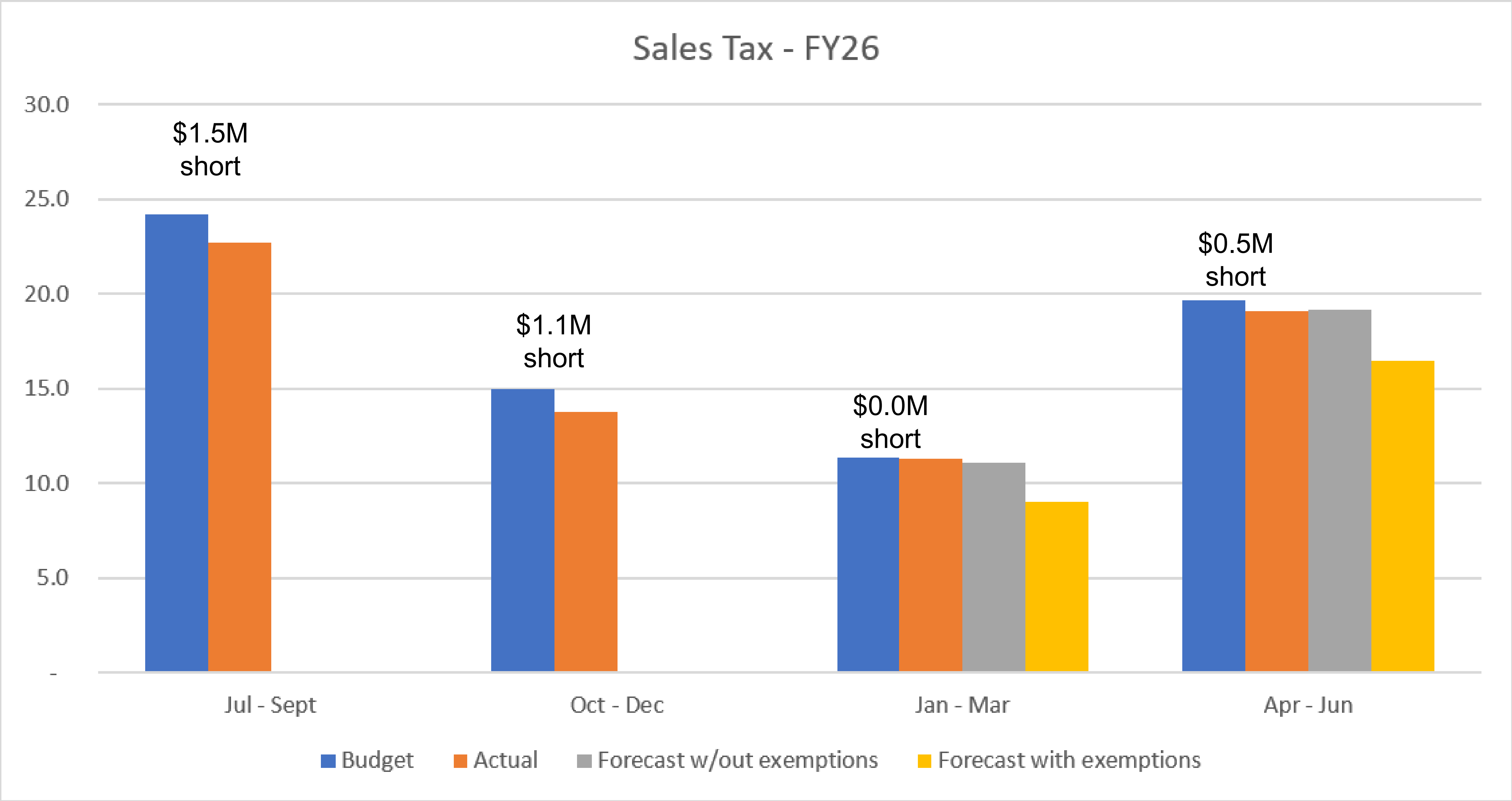
How'd we do Jan – Mar?



$2.7M anticipated reduction from new food & utility exemptions
$2.3M realized reduction from new food & utility exemptions
Caution – following up with some merchants not showing any exemptions

CITY AND BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

How'd we do Apr – Jun?

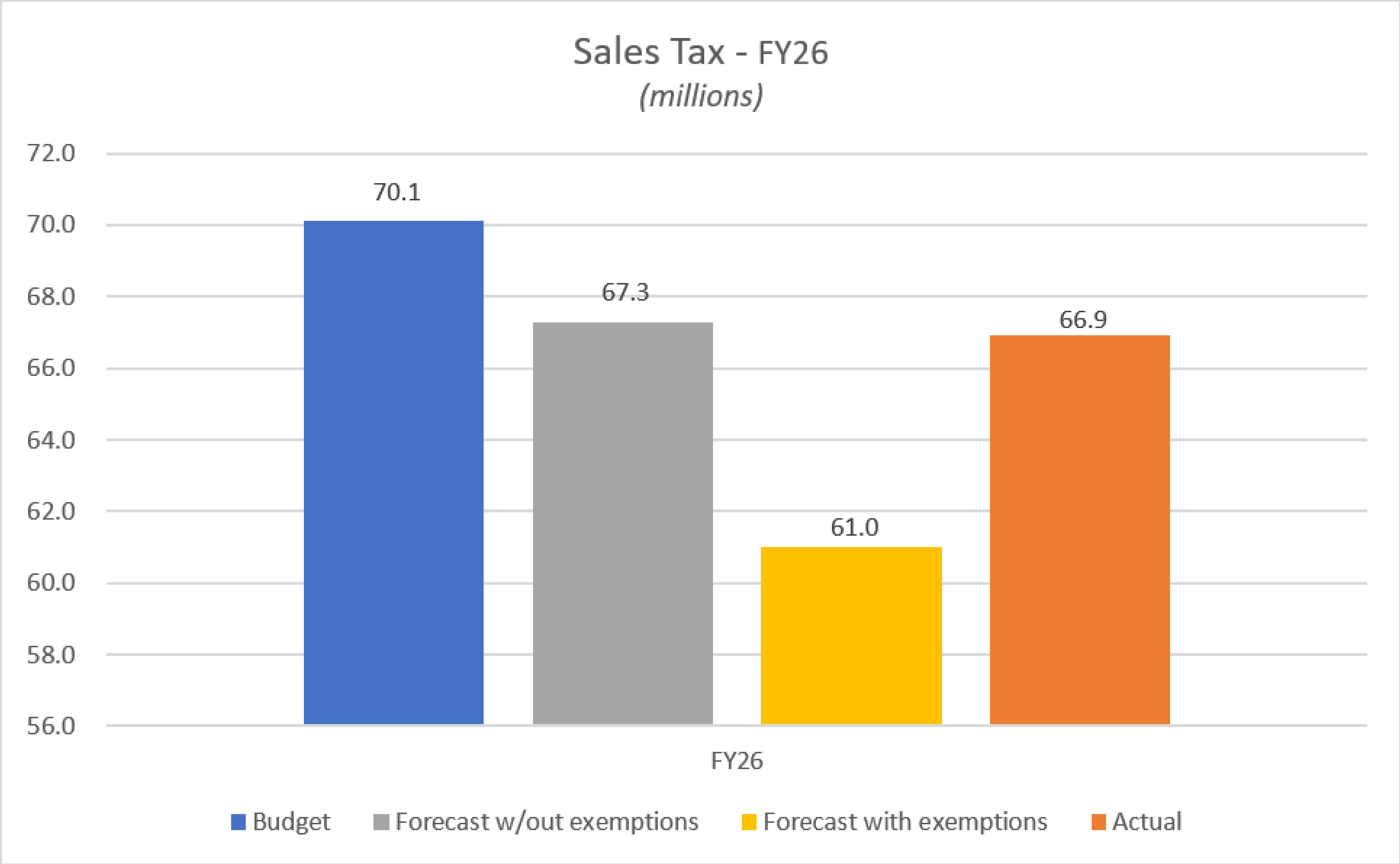


$2.7M anticipated reduction from new food & utility exemptions
$2.2M realized reduction from new food & utility exemptions

CITY AND BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

FY26 Sales Tax Annual Total

August 27,2026 data
Forecast from April



Sales are higher in general – tourism and non-tourism
Fuel-related industries have larger sales
Trickle effect of how goods get to Juneau is increasing sales elsewhere

CITY AND BOROUGH OF JUNEAU ALASKA'S CAPITAL CITY

155 Heritage Way
Juneau, AK 99801
Phone: (907) 586-5215

DATE: August 27, 2026

TO: Assembly Finance Committee

FROM: Angie Flick, Finance Director

SUBJECT: **Debt Policies**

Debt Policy Background

The City and Borough of Juneau (CBJ) often engages in debt actions. Some go to voters for approval, like General Obligation Bonds (GO Bonds) due to the nature of the source of repayment – typically taxes. Some do not require voter approval, such as Revenue Bonds or Alaska DEC Loans for water/wastewater infrastructure, as their repayment base are included in the rates set by the Assembly. When CBJ has been involved in rating discussions for a bond sale, one question that comes up is if CBJ has a debt policy. Our answer has been that the bond process is outlined in code. That is true, but it is not the same as a debt policy.

Finance staff working with CBJ's Municipal Advisor (PFM) and Bond Counsel (Pacifica Law Group - PLG) have developed two policies for the AFC's review and approval. These are best practice, good documentation and great educational pieces for the Assembly and various staff alike.

Debt Policy for Governmental Debt (attached)

This policy outlines what CBJ should consider prior to seeking debt issuances. It outlines roles and responsibilities and includes relevant pieces of our CBJ Code as reference. The policy is nine pages long and here are a few of the most important points:

1. This policy applies to all kinds of debt even though the word "bond" may be used. This includes:
    a. Bonds as we typically think about them - revenue and general obligation
    b. Loans from the State of Alaska – Department of Environmental Conservation (DEC) loans are our most common and are typically for utility (water and wastewater) purposes, but not always.
    c. Federal loans – CBJ does not currently have any, but two of the more common are the Transportation Infrastructure Finance and Innovation Act (TIFIA) and Environmental Protection Agency Water Infrastructure Financing and Innovation Act (WIFIA) loans.
2. Types of reserves are called out including the Restricted Budget Reserve and Revenue Bond required Debt Service Reserve Funds.
3. Purpose and process around debt are included
    a. General Obligation Debt – secured by regular tax levies and revenues requires voter approval
        i. Special charter callout for debt related to disasters as not requiring voter approval
    b. Revenue Obligation Debt – secured by revenue associated with the projects/work that the debt funds.
    c. Ability to take on new debt through financial means testing
    d. Ensuring bond covenants (financial requirements) are and will continue to be satisfied
    e. Special Assessment Debt and Service Area Bonds are defined (page 4)
    f. Short-term Financing options if longer-term financing has been approved
4. Identifies and defines the roles of professional partners utilized in debt transactions (pages 6-7)

Tax and Security Law Compliance Policy for Governmental Debt (attached)

This policy is the counterpart to the debt policy described above and articulates what must be done after debt is issued or incurred. There is a lot of information in this 11-page document, however the biggest take aways for the AFC are:

1. There is a lot of work to be done after debt is incurred until the debt is paid off. This work is accomplished through both CBJ Staff and Professional Consulting services.
2. We should generally aim to spend GO Bond and Revenue Bond proceeds within 3 years to avoid penalties by the Federal Government if investment yields on bond proceeds exceed restrictions.
3. Only a small percentage (10%) of projects funded by a bond can be used for private trade or business, which includes non-profits. Private use includes things such as facility leases and management contracts.
4. The Finance Director needs to be involved with transactions around assets that were debt funded (leases, changes in uses, changes in funding streams, etc.) to ensure those actions will not trigger other consequences – or at least that those choices are made with full information and at the appropriate level.

Recommended Action

Staff is available to answer questions about these policies. If acceptable to the AFC, staff recommend this motion: Direct Staff to prepare a resolution to adopt the two policies: Debt Policy for Governmental Debt and Tax and Security Law Compliance Policy for Governmental Debt.

CITY AND BOROUGH OF JUNEAU, ALASKA
DEBT POLICY FOR GOVERNMENTAL DEBT

This policy is intended to guide the City and Borough of Juneau, Alaska (the "City and Borough") in meeting its obligations under applicable statutes, regulations, and documentation associated with publicly offered and privately placed securities, as well as other forms of indebtedness, such as loans from the State of Alaska, of the City and Borough. This policy defines the roles and responsibilities of City and Borough participants in the debt issuance, the credit objectives of the City and Borough, reserve policies, the purpose, type and use of debt, bond term and structuring considerations, guidelines for refunding bonds, the method of sale of bonds, and the use of professionals and service providers.

This policy applies to all debt obligations of the City and Borough, including, but not limited to, bonds, loans, notes, and financing contracts. These terms may be used interchangeably throughout the policy.

A. <u>Roles and Responsibilities</u>

1. *The Assembly*

a. General Obligation Debt Election. For the issuance of General Obligation debt, the Assembly will approve a Bond Election Ordinance by the date determined by the City Clerk of a given year to authorize a ballot measure for an upcoming election.

b. Before the issuance of any debt, the Assembly must approve a Bond Ordinance, which outlines the terms of any bond issue, and as applicable, a Sale Resolution. The Bond Ordinance will specify the party or parties responsible for executing the transaction, which will be either the City and Borough Manager or Finance Director, and pursuant to Article X, chapter 10.2 of the Charter, will define certain terms of the transaction and method of sale.

2. *City Manager*

a. Unless otherwise delegated, the City Manager will be responsible for signing the related documents to execute the bond sale.

3. *Finance Director*

a. Will coordinate overall activities, services, and approvals required for the issuance of debt, in consultation with the Assembly and City Manager and required professionals, consultants and related service provider.

b. Serve as the primary point of contact for information requests relating to the preliminary official statements and final official statements (together, the "Official Statements") to be used in a public offering.

c. Review drafts of the bond Official Statements and confirm the accuracy of information contained therein.

d. Coordinate with others in the City and Borough to provide requested information and updates to bond rating agencies, if applicable.

e. If not a public offering, is responsible for any application and coordination with respective lenders.

4. *Treasurer*

a. Assist with the preparation of the Official Statement and provide information as required to populate the Official Statement.

b. Review drafts of the bond Official Statements and Bond Ordinances/Resolutions, and confirm the accuracy of the information contained therein.

5. *Department Directors* shall provide relevant information to the Finance Director for inclusion in the City and Borough's Official Statements. The Department Directors will review the information that is included in the Official Statements to ensure it is materially complete, true and accurate as it pertains to their department.

B. <u>Credit Objectives</u> (Applicable <u>only</u> if the securities are issued through a public offering).

1. *Bond Ratings*. The City and Borough will seek to maintain the highest possible credit ratings for all categories of debt, without compromising delivery of basic services and achievement of the Assembly's policy objectives. It is the City and Borough's goal to maintain long term general obligation bond ratings in the "AA" category, and revenue bond ratings in the "AA" category. Policies intended to support the maintenance of the City and Borough's current ratings are contained throughout this policy and include:

a. Length of debt and payback goals;

b. Purpose, type, and use of debt;

c. Capital planning; and

d. Reserve policies.

2. *Bond Insurance*. The Finance Director, in consultation with the City and Borough's services providers, may consider bond insurance when the projected present value benefit is greater than any premium (cost) paid for such insurance.

C. <u>Reserve Policies</u>

1. *Governmental Funds.* The Assembly adopted Resolution 2629, establishing a The City and Borough Budget Reserve policy to maintain a general government operating budget reserve of no less than two months (16.7%) of general operating revenue.

2. *[Reserved]*

3. Debt Service Reserve Funds ("DSRF"). Certain revenue bonds of the City and Borough may require a DSRF, which is a security feature provided to investors in the City and Borough's debt. DSRF's are typically funded at the time of issuance with available cash or bond proceeds. The City and Borough's DSRFs are sized for all outstanding parity debt, pursuant to the terms of the individual Bond Ordinances/Resolutions.

As bonds mature, are refinanced, or as the DSRF grows from investment earnings, the City and Borough may be able to release money from the DSRF. Periodically, the City and Borough will conduct an analysis pursuant to the terms of the Bond Ordinances/Resolutions of its DSRF's sufficiency to determine whether a release is necessary or permitted.

D. <u>Purpose, Type, and Use of Debt</u>. In the issuance and management of debt, the City and Borough will comply with the State Constitution and all other legal requirements imposed by federal, state, and local rules and regulations, as applicable.

1. *General Obligation ("GO") Debt* is secured by regular tax levies and revenues. The State Constitution permits the City and Borough to issue general obligation debt approved by the Assembly and ratified by a majority vote. GO bonds can be issued to fund any capital purpose.

Pursuance to Article X, Section 10.12 of the Charter, the Assembly may authorize GO bonds or notes without requiring ratification of the qualified voters if they classify as disaster bonds or notes in the case of calamity which has caused great loss for the preservation, rehabilitation, or reconstruction of municipal capital improvements, or notes or loans from accumulated reserves of the City and Borough on a definite plan for the repayment thereof and of interest therein as approved by the Assembly.

2. *Revenue Bonds or Obligations* are used to finance acquisition, construction, or improvements to facilities of enterprise systems operated by the City and Borough. The enterprise system must be an established system legally authorized for operation by the City and Borough, and includes, but is not limited to, Barlett Regional Hospital, Juneau International Airport, Boat Harbor, the Port/Dock, Areawide Water Utility, Areawide Wastewater Utility, or other enterprise funds established by the Assembly.

At its option, the City and Borough may issue conduit obligations that do not constitute a debt of the City and Borough.

The City and Borough currently has outstanding revenue bonds relating to the Barlett Regional Hospital ("Hospital Revenue Bonds"), Boat Harbor ("Harbor Revenue Bonds"), Dock/Port ("Port Revenue Bonds") and Juneau International Airport ("Airport Revenue Bonds"). These bonds are secured by revenue of the hospital, revenue of the harbor system, revenue of the dock/port, and revenue of the airport, as defined in each respective Bond Resolution. Unless otherwise provided for, revenue bonds are not GOs of the City and Borough. Nothing in this policy would limit the Assembly from issuing revenue bonds for the benefit of other enterprises where no current debt is outstanding, for which terms would be developed in consultation with the City and Borough's Bond Counsel and Municipal Advisor.

There are no legal limits to the amount of revenue bonds the City and Borough can issue, but the City and Borough cannot incur revenue obligations without first ensuring the affordability of an enterprise system to consistently meet any pledges and affordability covenants customarily required by investors in such obligations, during the term of the obligation. If revenue or net revenue of the enterprise fund does not meet the covenanted levels (the "Rate Covenant"), the Assembly is required to increase rates and charges to meet Rate Covenant defined in the respective Bond Ordinance and/or loan agreement, consistent the terms of the governing documents.

Prior to a new revenue bond issuance, the City and Borough must typically demonstrate that the addition of the new debt can meet a parity requirement through an Additional Bonds Test ("ABT"). Generally, the ABT calculates debt service coverage based on whether revenue or net revenues on the prior year financial statements, compared to the Maximum Annual Debt Service ("MADS"), plus MADS on the proposed new bonds (together, "aggregate MADS"), is greater than the level established in the Bond Ordinances/Resolutions. The Bond Ordinances/Resolutions may specify alternative methods for calculating the ABT.

Specific convents for each of the City and Boroughs revenue bonds secured by the various revenue sources, described above, can be viewed in Exhibit 1. Exhibit 1 may be amended, from time to time, upon a change in covenants approved by the Assembly in a respective Bond Ordinance, without requiring the Assembly to approve changes to this Debt Policy.

e. *Compliance with Bond Covenants.* To ensure compliance with covenants contained in revenue bond authorizing Bond Ordinances/Resolutions, the Department Directors, in conjunction with the Finance Director, will be responsible for preparing an annual report (e.g. the City and Borough's Annual Comprehensive Financial Report) confirming debt service coverage(s) for the current year, the balance in the debt service account(s), and the balance on deposit in the DSRF(s). If a bond covenant is not met for a given year, it is the Finance Director's responsibility to report deficiencies to the finance committee along with a corrective action plan. Time is of the essence to cure any deficiency to avoid an event of default under the applicable Bond Ordinances/Resolutions.

3. *Special Assessment Bonds* are used to pay all or a part of the cost of an improvement in a special assessment district. Principal and interest of bonds issued are payable solely from the levy of special assessments against the property to be benefited. Prior to issuing special assessment bonds, the Assembly must establish a guarantee fund and annually appropriate to the fund a sum to cover a deficiency in meeting payments of principal and interest when they come due. Money received from actions taken against property for nonpayment of assessments shall be credited to the guarantee fund.

4. *Service Area Bonds* are typically limited to services based in specific designated areas. Service area bonds are GO bonds that are approved by voters, and primarily secured by ad valorem property taxes for those who live in the service area.

5. *Short Term Financings* may be used in certain circumstances. The Assembly can authorize the issuance of GO Bond Anticipation Notes ("BANs") without voter approval, when a long term debt issuance has been approved by the voters. Additionally, the Assembly can authorize the issuance of Revenue Anticipation Notes ("RANs") to meet budgeted expenditures in anticipation of the collection of revenues (excluding taxes) for that year, but all debt so contracted shall be paid within a time frame deemed appropriate by the Assembly.

E. Term and Structure of Financings. In most cases the term of financing should not exceed the life of the asset being financed, and under no circumstances shall exceed 30-years. Bonds shall be issued with level debt service, unless the Assembly determines that it is advantageous to structure the bonds to meet a different policy objective.

F. Refunding Bonds or Notes.

1. *Initiating Bond Refinancing.* The Finance Director will continually review, or cause the City and Borough's Municipal Advisor to review, the City and Borough's outstanding debt portfolio and recommend issues for refunding as market opportunities arise.

2. *Savings Thresholds Required for Refunding.* To accomplish a current refunding of tax-exempt bonds, new bonds are issued and proceeds of the new bonds are used prepay or defease the refunded bonds, no more than 90-days before the optional redemption date. Current refunding transactions will generally be considered when the transaction will achieve an aggregate net present value savings of 3% compared to the outstanding bonds. If considering an advanced refunding, for which tax-exempt bonds are refunded with taxable bonds, a transaction will be considered when the transaction will achieve an aggregate net present value savings of 5% compared to the refunded bonds. The Assembly may consider refunding bonds for less than the recommended savings thresholds if it determines if it is advantageous to do so.

3. *Conditions For a Refunding.*

a. Any time a refunding bond is considered, the Finance Director and Treasurer will confirm that they are not aware of any unspent proceeds from the original bond issue, a plan to change the use of the facility financed with the original bonds, or otherwise redeem the bonds within the next several years. If such confirmation cannot be made, or if any of the above statements are true, the Finance Director is to consult with the City and Borough's Bond Counsel and/or Municipal Advisor.

b. When considering current refunding possibilities, the Assembly will consider the total savings potential, the annual savings, the number of years to maturity, and any other benefits or goals that may be achieved from the transaction.

G. Method of Sale of Bonds/Loans. The preferred method of sale for each incurrence of City and Borough debt will be determined by the Finance Director in consultation with its Municipal Advisor.

The competitive sale method involves offering the bonds for sale through sealed bid (which may be received electronically), to be submitted at a specified date and time. The City and Borough's Municipal Advisor will establish criteria for the bid, and will be awarded based on the lowest offered true interest cost.

The negotiated sale method involves direct negotiation with a pre-selected underwriting firm. An underwriter for negotiated sale may be selected through a competitive request for proposals ("RFP") or request for qualifications ("RFQ") process.

Direct bank placements involve receiving a loan directly from a commercial bank or other lender, such as the State of Alaska (the "State") and the Alaska Municipal Bond Bank Authority. If working with a commercial bank, firms may be selected through a competitive RFP or RFQ process.

State loans, such as State of Alaska Extension Loans or State Revolving Fund Loans, are entered into directly with the State. State loans are often competitive due to their advantageous interest rates. State loans can be considered a General Obligation or Revenue Bond of the City and Borough, depending on the pledge of revenue. The City and Borough will consider State loan programs for eligible projects.

Federal Loans can often provide low cost of capital when eligible projects are identified. Programs offering direct loans include the Transportation Infrastructure Finance and Innovation Act ("TIFIA") loans through the US Department of Transportation, Water Infrastructure Financing and Innovation Act ("WIFIA") loans through the US Environmental Protection Agency, the US Department of Agriculture, and financing energy projects through the Department of Energy, among others. These loans can often be financed as either Revenue Bonds or General Obligation bonds. The City and Borough may consider federal loans for eligible projects, weighing the costs and benefits with its service providers.

H. Use of Professionals and Other Service Providers. The City and Borough will contract with select service providers for the undertaking of any bond transaction, or certain activities between transactions, as defined below and referenced throughout this policy.

1. *Bond Counsel.* All debt issued by the City and Borough will include a written opinion by legal counsel affirming that the debt of the City and Borough is legal, valid and binding on the City and Borough, and, as applicable, that interest earnings on any tax-exempt debt is exempt from federal income taxation. The legal opinion and other documents relating to the issuance of debt will be prepared by nationally recognized private legal counsel with extensive experience in public finance and tax issues.

2. *Municipal Advisor.* The City and Borough shall retain a Municipal Advisor as it relates to all public issuances of debt, or other projects deemed necessary as recommended by the Finance Director. The City and Borough's Municipal Advisor is to be available for general purposes, and will assist the City and Borough with all financing issues. In no case shall the Municipal Advisor serve as underwriter for the City and Borough's bonds.

3. *Underwriter.* The Finance Director, in consultation with the City and Borough's Municipal Advisor, will select an underwriter for any negotiated sale of bonds, based on a competitive RFP or RFQ process. The process shall take into account the type of issue, experience offered and other relevant criteria, and shall provide for competitive, written proposals. This provision is intended to provide broad flexibility, in compliance with this policy. If a previous RFP or RFQ has been completed, the City and Borough can rely on past performance to select an underwriter. The selection of underwriter may be for an individual bond issue, series of financings or a specified time period, as determined by the Finance Director, in consultation with the City and Borough's Municipal Advisor.

4. *Direct Placement & Credit Providers.* The Finance Director, in consultation with the City and Borough's Municipal Advisor, will utilize the Alaska Municipal Bond Bank Authority or other State lending program if it is deemed beneficial to do so. If it is determined to utilize a commercial bank for any sale of bonds or notes directly with a bank, a competitive RFP or RFQ process will be utilized. The process shall consider the type of issue, bond structure, liquidity needs (if applicable) and provide competitive proposals. This provision is intended to provide broad flexibility in compliance with this policy. The selection of a commercial bank will be determined by the Finance Director, in consultation with the City and Borough's Municipal Advisor.

5. *Other Service Providers.* Professional services such as paying agent, registrar, verification agent, escrow agent or rebate analyst shall be appointed by the Finance Director in consultation with the Treasurer and the City and Borough's Municipal Advisor.

I. Post Issuance Compliance. The City and Borough will comply with post issuance compliance requirements, such as arbitrage and tax-rebate, and continuing disclosure, consistent with the Post Issuance Compliance Policy approved by the Assembly.

EXHIBIT 1 – REVENUE BOND COVENANTS

The following Exhibit describes the various revenue bond credits of the City and Borough, including the pledge of revenues, rate covenants, and additional bonds test. This Exhibit may be updated without Assembly approval if a Revenue Bond Ordinance has been approved by the Assembly that amends, adds, or changes certain covenants or descriptions of new or prior Ordinances.

A. *Hospital Revenue Bonds* are supported by revenues generated by the Hospital, (a) gross patient service revenues of the Hospital less contractual allowances and provisions for uncollectible accounts, free care and discounted care, plus (b) other operating revenues of the Hospital, plus (c) nonoperating revenues including receipts from the City and Borough (other than Contributions, income derived from the sale of assets not in the ordinary course of business, any gain or loss from the extinguishment of debt or any other extraordinary item, but including proceeds of business interruption insurance), plus (d) contributions, all as determined in accordance with GAAP. Hospital Revenues shall also include any federal or state reimbursements of operating expenses to the extent such expenses are included as "Costs of Maintenance and Operation" and all earnings from the investment of money in the Bond Account which earnings are deposited in the Bond Account.

The Bond Ordinance for Revenue Bonds associated with the Barlett Regional Hospital requires that rates and charges be sufficient to provide net revenue equal to at least 115% of annual debt service. Prior to issuing new Hospital Revenue bonds, to satisfy the ABT, net revenues must be greater than or equal to 125% of aggregate MADS.

B. Boat Harbor Revenue Bonds are supported by all revenue and income derived from ownership and operations of the Harbor System (defined as all City and Borough owned boat harbor and boat launch ramps and related facilities), including, but not limited to, stall rents, mooring fees, launch permit fees, and harbor leases.

The Bond Ordinance for Revenue Bonds associated with the Harbor requires net revenues be equal to at least 120% of the amounts required in the fiscal year to pay debt service. Prior to issuing new Harbor Revenue Bonds, to satisfy the ABT, Harbor net revenues must be greater than or equal to 120% of maximum annual debt service on outstanding Harbor Revenue Bonds, inclusive of the proposed financing. If the 120% is not projected to be met, the City and Borough can hire a consultant to demonstrate that after completion of any new project financed with Harbor Revenue Bonds, net revenues are expected to equal 140% of maximum annual debt service on all outstanding bonds, inclusive of the proposed financing.

C. Port Revenue Bonds are supported by Port Development Fee Revenues imposed by Resolution No. 2552 of the Assembly, and any subsequent Ordinance or Resolution imposed by the Assembly.

The Bond Ordinance for Revenue Bonds associated with the Port requires Port Development Fee rates and charges to be sufficient to provide net revenue equal to at least 120% of annual debt service. Prior to issuing new Port Revenue Bonds, to satisfy the ABT, Port Development Fee Revenues must be greater than or equal to 120% of annual debt service.

D. *Airport Revenue Bonds* are supported by Passenger Facility Charges ("PFC"), Airport Improvement Program ("AIP") entitlement grants and discretionary grants, revenue, and any income, receipt, or revenue of the Airport legally available to the payment on the bonds.

The Bond Ordinance for Revenue Bonds associated with the Airport requires that unspent PFC Authority plus approved and appropriated AIP funds plus projected other legally available revenues is at least equal to 105% of projected aggregate debt service. Prior to issuing new Airport Revenue bonds, to satisfy the ABT, pledged revenues must be greater than or equal to 150% of aggregate MADS on all Parity Bonds, however, revenues can be adjusted to reflect changes in forecasted PFC rate adjustments.

CITY AND BOROUGH OF JUNEAU, ALASKA
TAX AND SECURITIES LAW COMPLIANCE POLICY FOR GOVERNMENTAL DEBT

This policy is intended to guide the City and Borough of Juneau, Alaska (the "City and Borough") in meeting its obligations under applicable statutes, regulations and documentation associated with publicly offered and privately placed securities, as well as other forms of indebtedness such as loans from the State of Alaska, of the City and Borough. This policy addresses obligations of the City and Borough that arise during and will continue following the issuance of securities. These obligations may arise as a result of federal tax law (with respect to tax-exempt and other tax-advantaged securities subject to comparable requirements) and securities laws (with respect to initial and ongoing disclosure), or as a result of contractual commitments made by the City and Borough. This policy outlines obligations that may be applicable to each issue of securities and identifies the party to be responsible for monitoring compliance. This policy is intended to supplement the City and Borough Debt Policy.

In the City and Borough, the City and Borough Finance Director will be responsible for ensuring that this policy is followed and checklists and records maintained. The City and Borough Finance Director may delegate responsibility to employees and outside agents for developing records, maintaining records and checklists. The City and Borough will provide educational opportunities (opportunities to attend trainings/educational programs/seminars on the topic) for the parties identified in this policy with responsibilities for compliance with this policy in order to facilitate their performance of these obligations. The Finance Director will confer as needed with the City and Borough's Bond Counsel and Municipal Advisor to confirm the applicability and scope of the requirements outlined in this policy.

The City and Borough will review this policy periodically and upon each issuance of new obligations, including refunding obligations. In connection with this periodic review, at the recommendation of staff, the City and Borough will consider whether to amend or supplement this policy to address any particular requirements associated with the new bond issue, or to reflect general changes in requirements since the prior bond issue.

A. Transcripts.

1. The City and Borough's Bond Counsel shall provide the City and Borough with a full transcript related to the issuance of securities (for each issue). The transcript shall be delivered electronically and, upon request, in hard copy form within six month[s] following the date of issuance of securities. It is expected that the transcript will include a full record of the proceedings related to the issuance of the securities, including proof of filing an IRS Form 8038, 8038-G or 8038-GC, if applicable, any federal tax certificate and any continuing disclosure certificate.

2. The Finance Director will retain bond transcripts.

B. Federal Tax Law Requirements (The following framework is applicable only if the securities are issued as "tax-exempt" or tax-advantaged securities subject to comparable requirements).

1. *Use of Proceeds*. The Finance Director will monitor the expenditure of bond proceeds to ensure the City and Borough expends the legally-required amount of such proceeds on capital expenditures, and does not expend more than 10 percent of the proceeds on projects that will be used in a private trade or business (including by the federal government and nonprofit entities).

a. If the project(s) to be financed with the proceeds of the securities will be funded with multiple sources of funds, the City and Borough will adopt an accounting methodology that:

i. maintains each source of funding separately and monitors the actual expenditure of proceeds of the securities;

ii. commingles the proceeds and monitors the expenditures on a first in, first out basis; or

iii. provides for the expenditure of funds received from multiple sources on a proportionate basis.

b. The Finance Director will:

i. maintain records of expenditures (timing of expenditure and object code) of the proceeds of securities.

ii. maintain records of investments and interest earnings on the proceeds of securities. Such records should include the amount of each investment, the date each investment is made, the date each investment matures and if sold prior to maturity, its sale date, and its interest rate and/or yield. Interest earnings on proceeds will be deposited in the fund in which the proceeds of the securities were deposited (if not, then the plan for use of interest earnings will be discussed with the City and Borough's bond counsel).

iii. maintain records of interest earnings on reserve funds maintained for the securities.

iv. discuss with Bond Counsel and document any delay in the financed project and the expected expenditure of proceeds.

v. review and document any change in the scope of the project financed with bond proceeds.

2. *Arbitrage Rebate*. Generally, under only limited circumstances may the City and Borough invest bond proceeds and certain other funds at a rate that exceeds the yield on the securities. The City and Borough must rebate to the Internal Revenue Service amounts earned by investing above the bond yield, unless the City and Borough qualifies as a small issuer or meets a spending exception. The tax certificate executed in connection with a bond issue and included in the transcript, details the arbitrage and rebate requirements applicable to such issue. The Finance Director of the City and Borough ("Rebate Monitor") will monitor compliance with the arbitrage rebate obligations of the City and Borough for each issue ("issue") of securities. If the City and

Borough did not execute a tax certificate in connection with an issue, the Rebate Monitor should consult with the City and Borough's Bond Counsel regarding arbitrage rebate requirements. The City and Borough will provide educational opportunities (opportunities to attend educational programs/seminars on the topic) for the Rebate Monitor in order to facilitate his/her performance of these obligations.

a. If the Rebate Monitor determines that the total principal amount of tax-exempt governmental obligations (including all tax-exempt leases, etc.) of the City and Borough issued by or on behalf of the City and Borough and subordinate entities during the calendar year, including the issue, will not be greater than $5,000,000, plus such additional amount not in excess of $10,000,000 as is to be spent for the construction of public school facilities, the Rebate Monitor will not be required to monitor arbitrage rebate compliance for the issue, <u>except</u> to monitor expenditures and the use of proceeds after completion of the project (see #3 below). For purposes of this paragraph, tax-exempt governmental obligations issued to currently refund a prior tax-exempt governmental obligation will only be taken into account to the extent they exceed the outstanding amount of the refunded bonds.

b. If the Rebate Monitor determines that the total principal amount of tax-exempt governmental obligations (including all tax-exempt leases, etc.) of the City and Borough issued or incurred any calendar year is greater than $5,000,000, plus such additional amount not in excess of $10,000,000 as is to be spent for the construction of public facilities, the Rebate Monitor will monitor rebate compliance for each issue of tax-exempt governmental obligations issued during that calendar year.

i. *Rebate Exceptions.* The Rebate Monitor will review the tax certificate, if any, in the transcript in order to determine whether the City and Borough is expected to comply with a spending exception that would permit the City and Borough to avoid having to pay arbitrage rebate. If the tax certificate identifies this spending exception (referred to as the six-month exception, the 18 month exception or the 2-year exception), then the Rebate Monitor will monitor the records of expenditures (see B.1 above) to determine whether the City and Borough met the spending exception (and thereby avoid having to pay any arbitrage rebate to the federal government). If the City and Borough did not execute a tax certificate in connection with an issue, or if no spending exception is specified, the Rebate Monitor should consult with Bond Counsel regarding the potential applicability of spending exceptions.

ii. *Rebate Compliance.* If the City and Borough does not meet or does not expect to meet any of the spending exceptions described in (i) above, the City and Borough will:

x. review the investment earnings records retained as described in B.1 above. If the investment earnings records clearly and definitively demonstrate that the rate of return on investments of all proceeds of the issue were lower than the yield on the issue (see the tax certificate in the transcript), then the City and Borough may opt no to follow the steps described in the following paragraph.

y. retain the services of an arbitrage rebate consultant in order to calculate any potential arbitrage rebate liability. The rebate consultant shall be selected no later than the completion of the project to be financed with the proceeds of the issue. A rebate consultant may be selected on an issue by issue basis or for all securities issues of the City and Borough. The Rebate Monitor will obtain the names of at least three qualified consultants and request that the consultants submit proposals for consideration prior to being selected as the City and Borough's rebate consultant. The selected rebate consultant shall provide a written report to the City and Borough with respect to the issue and with respect to any arbitrage rebate owed if any.

z. based on the report of the rebate consultant, file reports with and make any required payments to the Internal Revenue Service, no later than the fifth anniversary of the date of each issue (plus 60 days), and every five years thereafter, with the final installment due no later than 60 days following the retirement of the last obligation of the issue.

c. *Yield Reduction Payments.* If the City and Borough fails to expend all amounts required to be spent as of the close of any temporary period specified in the tax certificate (generally three years for proceeds of a new money issue and 13 months for amounts held in a debt service fund), the City and Borough will follow the procedures described in B.2.b.ii above to determine and pay any required yield reduction payment.

3. *Unused Proceeds Following Completion of the Project.* Following completion of the project(s) financed with the issue proceeds, the Finance Director will:

a. review the expenditure records to determine whether the proceeds have been allocated to the project(s) intended (and if any questions arise, consult with Bond Counsel in order to determine the method of re-allocation of proceeds); and

b. direct the use of remaining unspent proceeds (in accordance with the limitations set forth in the authorizing proceedings (i.e., Bond Ordinances/Resolutions) and if no provision is otherwise made for the use of unspent proceeds, to the redemption or defeasance of outstanding securities of the issue.

4. *Use of the Facilities Financed with Proceeds*. In order to maintain tax-exemption of securities issued on a tax-exempt or tax-advantaged basis, the financed facilities (projects) are required to be used for governmental purposes during the life of the issue (<u>and any issue that refunds the securities issue</u>). The Finance Director of the City and Borough will monitor and maintain records regarding any private use of the projects financed with tax-exempt proceeds. The IRS Treasury Regulations prohibit private business use (use by private parties (including nonprofit organizations and the federal government)) of tax-exempt financed facilities beyond permitted *de minimus* amounts, unless cured by a prescribed remedial action. Private use may arise as a result of:

a. Sale of all or a portion of the facilities;

b. Lease of all or a portion of the facilities (including leases, easements or use arrangements for areas outside the four walls, e.g., hosting of cell phone towers);

c. Management contracts in which the City and Borough authorizes a third party to operate a facility (e.g., cafeteria or parking operator), except for qualified management contracts under IRS Rev. Proc. 2017-13 or any successor guidance;

d. Preference arrangements in which the City and Borough grants a third party preference of the facilities (e.g., preference parking in a public parking lot); and/or

e. Entering into contracts giving "special legal entitlement" to the facility (e.g., selling advertising space or naming rights).

The Finance Director will review all leases and other contracts involving use or management of bond-financed property. The Finance Director will confer with personnel responsible for bond-financed projects at least annually to discuss any existing or planned use of bond-financed or refinanced facilities. The Finance Director will annually calculate private use for each bond-financed project.

If the Finance Director identifies private use of tax-exempt debt financed facilities, the City and Borough Finance Director will consult with the City and Borough's Bond Counsel to determine whether private use will adversely affect the tax-exempt status of the issue and if so, what remedial action is appropriate. For instance, the City and Borough may allocate private use to those facilities (or portions of facilities) funded from sources other than bond proceeds. The City and Borough will determine the deadline for remediating noncompliance under existing remedial action provisions or tax-exempt bond closing agreement programs contained in the regulations or other published guidance from the IRS, and proceed with diligence to take the required remedial actions. If remedial actions are unavailable, the City and Borough will determine whether to make a submission to the Tax-Exempt Bonds Voluntary Closing Agreement Program ("VCAP") under Internal Revenue Manual 7.2.3.

5. *Refundings*. For refunding escrows, the Finance Director will confirm that any scheduled purchases of State and Local Government Series ("SLGS") or open market securities proceed as scheduled. On the redemption date, the Finance Director will confirm that the refunded bonds have been redeemed and canceled. Promptly following the redemption date, the Finance Director will confirm that the City and Borough has spent all proceeds of the bonds and the refunded bonds, and will verify that excess proceeds, if any, do not exceed an amount permitted by IRS regulations.

6. *Reissuance*. A significant modification of the bond documents may result in bonds being deemed refunded or "reissued." Such an event will require, among other things, that the City and Borough file new information returns with the federal government and execute a new tax certificate. The City and Borough will consult with bond counsel in the event of modification of the bond documents.

7. *Records Retention.*

a. Records with respect to matters described in this Subsection B will be retained by the City and Borough for the life of the securities issue (and any issue that refunds the securities issue) and for a period of three years thereafter. Unless otherwise specified, the Finance Director will maintain the records.

b. Records to be retained:

(i) The transcript;

(ii) Arbitrage rebate reports prepared by outside consultants;

(iii) Work papers that were provided to the rebate consultants;

(iv) Records of expenditures and investment receipts (showing timing of expenditure and the object code of the expenditure and in the case of investment, timing of receipt of interest earnings). (Maintenance of underlying invoices should not be required provided the records include the date of the expenditure, payee name, payment amount and object code; however, if those documents are maintained as a matter of policy in electronic form, then the City and Borough should continue to maintain those records in accordance with this policy);

(v) Records documenting the final allocation of bond proceeds to projects, including any reallocations of bond proceeds, in a format showing the timing and substance of the reallocation, if applicable;

(vi) Copies of all certificates and returns filed with the IRS (e.g., for payment of arbitrage rebate); and

(vii) Copies of all contracts relating to ongoing compliance with respect to the bonds, including contracts relating to the use of the bond-financed facilities including leases, concession agreements, management agreements and other agreements that give usage rights or legal entitlements with respect to the facility to nongovernmental persons (e.g., advertising displays, cell tower leases, and naming rights agreements).

C. Federal Securities Law Requirements.

[1. *Legal Framework.* The following section establishes a framework for compliance by the City and Borough with its disclosure and/or contractual obligations with respect to securities, pursuant to the requirements of federal and state securities laws and other applicable rules, regulations, and orders. The purpose of this section is to facilitate compliance with applicable law and existing ongoing disclosure agreements when preparing and distributing initial and ongoing disclosure documents to reduce exposure of the City and Borough, its officials and employees to liability for damages and enforcement actions based on material misstatements and omissions in such documents, and to promote good investor relations. This section applies generally to all of the City and Borough's tax-exempt, tax-advantaged bonds and taxable bonds, and other debt issued on the City and Borough's behalf subject to comparable requirements.

The City and Borough will comply fully with applicable securities laws regarding disclosure in connection with the issuance of securities and with the terms of its continuing disclosure agreements, including Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934, particularly Rule 10b-5, and regulations adopted by the Securities and Exchange Commission ("SEC") under those Acts (the "Anti-Fraud Rules").

The Anti-Fraud Rules require that, in connection with the sale or issuance of securities, the City and Borough provide to potential investors all material information relating to such offered securities. The information provided to investors must not contain any material misstatements, and the City and Borough must not omit material information necessary to provide investors with a materially complete description of the securities and the City and Borough's financial condition.

In the context of the sale of securities, a fact is "material" if there is a substantial likelihood that a reasonable investor would consider such fact important in determining whether or not to purchase the offered securities, in light of the total mix of information made available to investors.

The Anti-Fraud Rules apply to all statements and other communications the City and Borough intends (or can reasonably expect) to be accessible to and relied upon by potential investors in the City and Borough's securities. Investor communications include: Preliminary and Final Official Statements (i.e., the offering documents used in connection with the sale of securities), filings made pursuant to continuing disclosure agreements and voluntary postings, and may include, depending on the context, information uploaded, linked or posted to the City and Borough's website, and the City and Borough's press releases and other formal and/or public statements.]

[2. *Guidelines for Preparing Disclosure Documents*.

a. All City and Borough staff members and officials involved in the preparation or review of disclosure documents or other investor communications are responsible for being familiar with the Anti-Fraud Rules.

b. The Finance Director and other employees or officials involved in the preparation or review of disclosure documents and other investor communications must err on the side of raising any potential disclosure issues they encounter during such preparation or review. If there are questions regarding whether an issue is material, the Finance Director and other employees or officials should consult with Bond Counsel and Municipal Advisor. The Finance Director and other employees or officials should immediately report any concerns regarding the accuracy of a disclosure document or other investor communication to Bond Counsel and Municipal Advisor.

c. Prior to the public release of any disclosure document or communication to be posted on the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal Marketplace Access system ("EMMA"), the Finance Director will complete a final review of the material. This review will consist of comparing and resolving any material discrepancies between the City and Borough's audited (and unaudited, if needed) financial statements and other source materials, and complete review of the document.]

3. *Ongoing Disclosure*. Under the provisions of SEC Rule 15c2-12 (the "Rule"), underwriters are required to obtain an agreement for ongoing disclosure in connection with the public offering of securities. Unless the City and Borough is exempt from compliance with the Rule as a result of certain permitted exemptions, the transcript for each issue will include an undertaking by the City and Borough to comply with the Rule. The Finance Director of the City and Borough will monitor compliance by the City and Borough with its undertakings.

a. *Publicly Offered Securities*. For publicly offered securities (e.g. bonds sold to an underwriter by negotiated or competitive sale), the Rule requires that the City and Borough enter into a continuing disclosure undertaking ("CDA") prior to such underwriter purchasing such securities. The CDAs each require that the City and Borough post certain financial and operating information on the Municipal Securities Rulemaking Board's ("MSRB") Electronic Municipal

Marketplace Access system ("EMMA"), and notice of the occurrence of certain events (discussed below).

i. *Annual Filings*. Each CDA requires that the City and Borough file audited financial statements and certain operating data on an annual basis so long as the securities are outstanding. The financial statements and operating data are required to be filed within nine months of the end of the City and Borough's fiscal year (June 30). If audited financial statements are not available by such date, the City and Borough shall file unaudited statements by the deadline, and subsequently file the audited statements promptly (e.g. within 10 business days) after they become available. There are, however, significant distinctions among the CDAs:

General Obligation Bonds — In addition, the City and Borough is required to file the following operating data for general obligation indebtedness (unless it is included in the audited financial statements or unless the City and Borough has a final official statement within the filing period that includes the information):

1. The assessed valuation of taxable property in the City and Borough;
2. Property taxes due and property taxes collected;
3. Property tax levy rate per $1,000 of assessed valuation; and
4. Outstanding general obligation debt of the City and Borough.

Revenue Bonds — At this time, the City and Borough does not have any outstanding publicly offered revenue bonds, but will need to make note of any additional data required in any future issuances.

ii. *Additional Filings*. In addition to the annual filings and operating data referred to in (i) above, the City and Borough is required to make certain additional filings upon the occurrence of the follow events ("Listed Events"). The City and Borough is required to provide notice of the following Listed Events **no later than 10 business days after the occurrence of the event**:

(1) Principal and interest payment delinquencies;
(2) Nonpayment related defaults, if material;
(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) Modifications to the rights of Bond holders, if material;
(8) Bond calls, if material, and tender offers;
(9) Defeasances;

(10) Release, substitution or sale of property securing repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the City and Borough;

(13) The consummation of a merger, consolidation, or acquisition involving the City and Borough or the sale of all or substantially all of the assets of the City and Borough, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a financial obligation of the City and Borough, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City and Borough, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City and Borough, any of which reflect financial difficulties.

Items numbered (15) and (16) are required only for publicly offered securities that are issued after February 27, 2019. The Rule provides that the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

For purposes of compliance with listed event number (15), the following obligations shall be deemed "financial obligations" of the City and Borough:

(i) Bank loans (whether evidenced by lease/lease back documentation or a loan agreement) to the extent that they are financed through bank loans that do not involve a final official statement. At a minimum, filings will be made on EMMA that are linked to the outstanding issues payable from the same source of revenues, but may also be linked, whether for convenience or otherwise, to other City and Borough CUSIPs;

(ii) Loans issued through the State or federal government. At a minimum, filings will be made on EMMA that are linked to the CUSIPs of debt payable from the same source (e.g., general obligation, revenue), but also may be linked, whether for convenience or other otherwise, to other City and Borough CUSIPs;

(iii) Long term leases or installment purchases, however designated, that provide for the acquisition of property (real property or personal property) over a term. For these obligations, the City and Borough will establish a materiality threshold. The thresholds are: (a) for obligations that are payable from general funds of the City and Borough, disclosure will be made for contracts with a dollar amount in excess of $5,000,000 which is less than 5% of the City and Borough's annual general fund budget; and (b) for obligations that are payable from an identified source of revenues, e.g., City and Borough revenue or enterprise fund, disclosure will be made for contracts with a dollar amount in excess of 5% of the annual revenues of the enterprise fund. The Finance Director will periodically make affirmative inquiries as to whether obligations of this nature have been incurred.

The Finance Director will maintain records of these contracts in order to confirm future compliance with this policy.

To facilitate compliance with these listed events, the Finance Director will maintain an inventory of all financial obligations of the City and Borough.

4. *Other Investor Communications*. The Anti-Fraud Rules apply to all investor communications. Such investor communications may include, but are not limited to, voluntary filings made on EMMA, information on the City and Borough's website, communications with investors (or potential investors), press releases and other formal statements of the City and Borough intended to reach investors. The Finance Director and other officers of the City and Borough will exercise reasonable care to make sure that the information in investor communications is materially accurate and complete and otherwise in compliance with this Policy.

5. *Document Retention*. The Finance Director will maintain the following documents in connection with each security, with the purpose of retaining adequate records to substantiate compliance with the Anti-Fraud Rules.

a. A complete bond transcript;

b. A written record of any financial obligation or the occurrence of other notice events that the City and Borough determines to be immaterial or not reflecting financial difficulty and thus not requiring disclosure, and the facts and circumstances substantiating such conclusion;

c. Documentation of the actions the City and Borough takes to prepare, check, review and approve each investor communication made pursuant to these procedures, including the sources of the information included;

d. Electronic copies of confirmations from EMMA of all continuing disclosure filings; and

e. Copies of all records noting compliance with these policies, including any filings or correspondence with the SEC or other regulatory body.

6. *Periodic Check of Information Regarding Bonds on EMMA*. Prior to each new bond issue, the City and Borough will search (or cause to be searched) EMMA for its continuing disclosure filings to confirm proper filings have been made.

7. *Bank Loans and Other Private Placements*. The Bond Ordinances/Resolutions or loan documents executed in connection with bank loans or other private placements may include their own set of disclosure or reporting requirements that must be monitored. As a result, a chart should be maintained that identifies the disclosure responsibilities for each transaction. In some instances the filings on EMMA may satisfy those disclosure requirements. The Finance Director will monitor compliance with those filing requirements by filing the required information with the respective lender.

D. Other Notice Requirements. In some instances, the proceedings authorizing the issuance of securities will require the City and Borough to file information periodically with other parties, e.g., bond insurers, banks, and rating agencies. The types of information required to be filed may include (1) budgets, (2) annual financial reports, (3) issuance of additional debt obligations, and (4) amendments to financing documents. The Finance Director of the City and Borough will maintain a listing of those requirements and monitor compliance by the City and Borough.

Assemblymember Steininger Amendment to Ordinance 2026-32

Amendment 1.

(12) Non-Profit Exemptions.

(a) ***

(b) Sales, services, and rentals made by a seller, organized and administered solely by an organization that has a current 501(c)(3), 501(c)(4), or 501(c)(19) exemption ruling from the Internal Revenue Service and an exemption certificate from the manager, provided this exemption applies to sellers only if the income from the sale is exempt from federal income taxation, and whose gross annual revenue from sales, services, and rentals was less than $300,000 in the first four of the last five posted quarters, may request an exemption from the City; this exemption must be reviewed every two years. The gross annual revenue will be adjusted every two calendar years consistent with the Consumer Price Index for all urban consumers for the Anchorage metropolitan area compiled by the United States Department of Labor, Bureau of Labor Statistics. Adjustments to the amount listed will be rounded to the nearest $100.00.

Assembly Member Brooks Amendment to Ordinance 2026-32

Amendment 1.

(12) Non-Profit Exemptions.

(a) Sales, services, and rentals to a buyer, or social services provided ~~made~~ by a-seller, organized and administered solely by an organization that has a current 501(c)(3), 501(c)(4), or 501(c)(19) exemption ruling from the Internal Revenue Service and an exemption certificate from the manager, provided this exemption applies to sellers only if the income from the sale is exempt from federal income taxation. ~~This exemption does not apply to the sale of pull-tab games.~~

NEW ADDITIONAL LANGUAGE BELOW

(b) Sales, services, and rentals made by a seller, organized and administered solely by an organization that has a current 501(c)(3), 501(c)(4), or 501(c)(19) exemption ruling from the Internal Revenue Service and an exemption certificate from the manager, provided this exemption applies to sellers only if the income from the sale is exempt from federal income taxation, and the sales, services, and rentals do not take place at their established physical storefront location.