ASSEMBLY STANDING COMMITTEE
ASSEMBLY FINANCE COMMITTEE
THE CITY AND BOROUGH OF JUNEAU, ALASKA

February 2, 2022, 6:00 PM.
Zoom Webinar
https://juneau.zoom.us/j/93917915176 or call 1-253-215-8782 Webinar ID: 939 1791 5176
This meeting will be virtual only.

AGENDA

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF MINUTES

- **A. January 5, 2022**

IV. AGENDA TOPICS

- **A. Investment Manager Report**
- **B. Insurance/Risk Update**
- **C. Real Estate Price Disclosure Amendments**
- **D. FY22/FY23 Debt Service Fund**
- **E. Airport GO Debt Payments**
- **F. Sales Tax on Food**
- **G. Hospital Bond Proceeds**
- **H. Celebration 2022 Request**
- **I. Eaglecrest Gondola**
- **J. Info Only: FY23/24 Proposed Budget AFC Calendar**

V. NEXT MEETING DATE

- **A. March 2, 2022**

VI. SUPPLEMENTAL MATERIALS

A. Fund Balance Usage

VII. ADJOURNMENT

ADA accommodations available upon request: Please contact the Clerk's office 36 hours prior to any meeting so arrangements can be made for closed captioning or sign language interpreter services depending on the meeting format. The Clerk's office telephone number is 586-5278, TDD 586-5351, e-mail: city.clerk@juneau.org

DRAFT
City and Borough of Juneau
Minutes - Assembly Finance Committee Meeting
Wednesday, January 5, 2022

I. CALL TO ORDER

The meeting was called to order at 6:01 pm by Carole Triem, Chair.

II. ROLL CALL

Committee Members Present Virtually: Chair Carole Triem; Mayor Beth Weldon; Maria Gladziszewski; Wáahlaal Gíidaak; Greg Smith; Christine Woll; Michelle Bonnet-Hale; Alicia Hughes-Skandijs

Committee Members Absent: Wade Bryson

Staff Members Present Virtually: Rorie Watt, City Manager; Robert Barr, Deputy City Manager; Jeff Rogers, Finance Director; Robert Palmer, City Attorney; Adrien Speegle, Budget Analyst; Katie Koester, Engineering and Public Works Director; Dave Scanlan, Eaglecrest General Manager

Others Present: Karen Tarver, Elgee Rehfeld, LLC; Michael Satre, Eaglecrest Board Chair

III. APPROVAL OF MINUTES

The December 1, 2021 minutes were approved as presented.

IV. AGENDA TOPICS

a. FY21 Audit Presentation by Elgee Rehfeld

Jeff Rogers, Finance Director, introduced Karen Tarver, Audit Partner at Elgee Rehfeld (Elgee), to present CBJ's FY21 audit report, seen on packet pages 9-37.

Ms. Tarver presented briefly on the specifics of the audit process before highlighting changes that occurred in the financial statements in FY21.

Changes for FY21 included Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) funding in CBJs budgeting and financial reporting, an increased audit risk identified in immaterial account balances at Bartlett Regional Hospital (BRH), and a prior period adjustment related to how the Alaska Department of Environmental Conservation (ADEC) loans are accounted for by CBJ. Ms. Tarver highlighted the significant transaction cycles where Elgee spends most of their time during the audit on packet page 18.

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Elgee issued an Unmodified Opinion on the financial statements for BRH and the Juneau School District (JSD), meaning the audit firm concluded that financial information was free from material misstatement. The audit report included a finding Significant Deficiency in Internal Controls over Financial Reporting for BRH relating to purchasing processes and controls over gift cards. No formal recommendations were deemed necessary for JSD.

State and Federal Compliance Audits are still in progress as noted on packet page 22 and should be completed by early February 2022.

Ms. Tarver briefly summarized Elgee's Letter to the Assembly on packet pages 39-44. She noted specifically that a prior year finding and comment were resolved in FY21.

Drafts of BRH's corrective action plan relating to their finding are included in the packet.

Ms. Tarver answered committee questions.

Mr. Rogers clarified that the noted BRH deficiency should not have a significant impact on CBJ or BRH's ability to bond.

Mr. Rogers informed the Assembly that the Government Finance Officer Association's (GFOA) counterparts in South Africa specifically requested that the Association change the name of the report formerly known as the Comprehensive Annual Financial Report (CAFR) to the Annual Comprehensive Financial Report (ACFR), as the former acronym was pronounced the same as a derogatory term for black South Africans.

b. Capital Projects – Big Picture Planning

Mr. Rogers presented the memo on packet page 63 relating to funding available for large projects. He noted that available funding is potentially significant and could give the Assembly the opportunity to make significant progress in capital improvements and community projects.

Mr. Rogers specifically noted that his memo is meant to give the Assembly a sense of how much debt could be issued in the next several years without triggering the debt service mill rate to exceed 1.2 mills. He stated it is at least $50 million over the next five years. In relation to FY23 specifically, everything rides on the State of Alaska reimbursing 100% of their share of school bond debt. Mr. Rogers stated that there is good reason to believe that the inclusion of 100% school bond debt reimbursement will hold through the final signing of the state budget.

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Mr. Rogers noted that general governmental fund balance in FY23/24 is likely to be eroded by operating budget deficits, potential wage increases from union labor negotiations, and cost inflation. The renewal of the 1% temporary sales tax could aid in those deficiencies, if approved by public vote.

Rorie Watt, City Manager, noted that it could be useful to the Assembly to consider management of the fund balance with recently adopted goals in mind, for example, investing in affordable housing.

Katie Koester, Engineering and Public Works Director, provided information on updated legislative priorities based on the list of projects presented by the Assembly to the Legislature last year. This year, the list (packet page 70) remains very similar but it includes more public process. The Public Works & Facilities Committee (PWFC) approved some criteria for the process and certain projects were identified as priorities for outside funding sources, if available.

Ms. Koester requested the Assembly meet the February 1 deadline for submitting the list to the State Legislature and limit the list to 15 priorities.

The Committee discussed the list and Ms. Koester answered committee questions.

<u>Motion:</u> by Assemblymember Bonnet-Hale to forward the complete list to the Committee of the Whole (COW) providing interim time for those Assemblymembers who have not voted to vote on project priorities.

Motion passed by unanimous consent.

Mr. Rogers answered committee questions regarding funding and debt allocations for projects on the list.

The Committee recessed at 7:11 PM.
The Committee reconvened at 7:21 PM.

c. Capital Civic Center Appropriation (Ord. 2021-08(b)(am)(S))

Mr. Watt presented the Manager's Report and ordinance on packet pages 72-73 regarding the appropriation of $2 million of general funds for the Capital Civic Center capital improvement project (CIP). The expansion and renovation of Centennial Hall is intended to satisfy and aid the business, travel and arts economies. The appropriation would provide funding for a 30% complete cost plan to obtain a more detailed estimate for the entire project.

Mr. Watt noted that this project is very well supported by the Juneau community.

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The Committee discussed the appropriation.

<u>Motion:</u> by Mayor Weldon to move Ordinance 2021-08(b)(am)(S)) to the full Assembly for public hearing.

Motion passed by unanimous consent.

d. Augustus Brown Pool Appropriation (Ord.2021-08(b)(am)(T))

Mr. Watt presented the Manager's Report and ordinance on packet pages 74-75 regarding the appropriation of $2.5 million to the Augustus Brown Pool CIP. Delaying renovation of Augustus Brown Pool has substantially increased costs due to inflation, supply chain issues, and limited competition in the pool specialty trade. As a result of these challenges, Mr. Watt noted that this project is not ready for Assembly action at this time, and the appropriation should be removed from consideration.

e. Centennial Hall Renovation Appropriation (Ord. 2021-08(b)(am)(U))

Mr. Watt presented the Manager's Report and ordinance on packet pages 76-77 regarding the appropriation of $500,000 of general funds for the Centennial Hall Renovation Phase 2 CIP. Mr. Watt asked for no action on this item until cost estimation is more informed.

f. Eaglecrest Compensation

Mr. Rogers presented the memo on packet pages 78-79 regarding the rate of pay at Eaglecrest. He briefly explained Eaglecrest's unique "quasi-Enterprise" operation within CBJ and further reiterated that the Eaglecrest Board has the sole authority to authorize and implement wage increases and other compensation measures.

Mr. Rogers summarized a thoughtful letter from an Eaglecrest employee regarding the alleged "bonuses" advertised in Eaglecrest compensation. He stated that monetary bonuses are not guaranteed as they are subject to yearly revenue and that ski-passes have a different value to each employee and, therefore, should not be considered solid compensation. Mr. Rogers specifically noted that Dallas Hargrave, Human Resources and Risk Management Director, provided the Eaglecrest Board with a "re-stepped" salary schedule for consideration. While it does not solve Eaglecrest's overall wage issues, it does provide a near-term solution to increase pay for any positions currently compensated under Alaska's minimum wage.

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Dave Scanlan, Eaglecrest General Manager, and Michael Satre, Eaglecrest Board Chair, also spoke to the Eaglecrest pay plan issue and answered committee questions. Mr. Satre commented that the Board is committed to prioritizing the pay scale issue for immediate action while keeping their future improvement projects in mind.

g. Electrical Power Cost Sales Tax Exemption (Ord. 2022-01)

Mr. Rogers presented the Manager's Report and ordinance on packet pages 80-81 regarding a repeal of the temporary sales tax exemption for sales of cost of power adjustments on electrical power. This exemption went into effect 14 years ago, and was meant to be a temporary measure to mitigate high electric power costs. However, the exemption was never repealed. This ordinance corrects for this oversight in CBJ's law.

Motion: by Mayor Weldon to move Ordinance 2022-01 to the full Assembly.

Motion passed by unanimous consent.

V. NEXT MEETING DATE

a. February 2, 2022

VI. AJOURNMENT

The meeting was adjourned at 8:09pm.

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City & Borough of Juneau

January 2022

Insight INVESTMENT

BNY MELLON | INVESTMENT MANAGEMENT

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Agenda

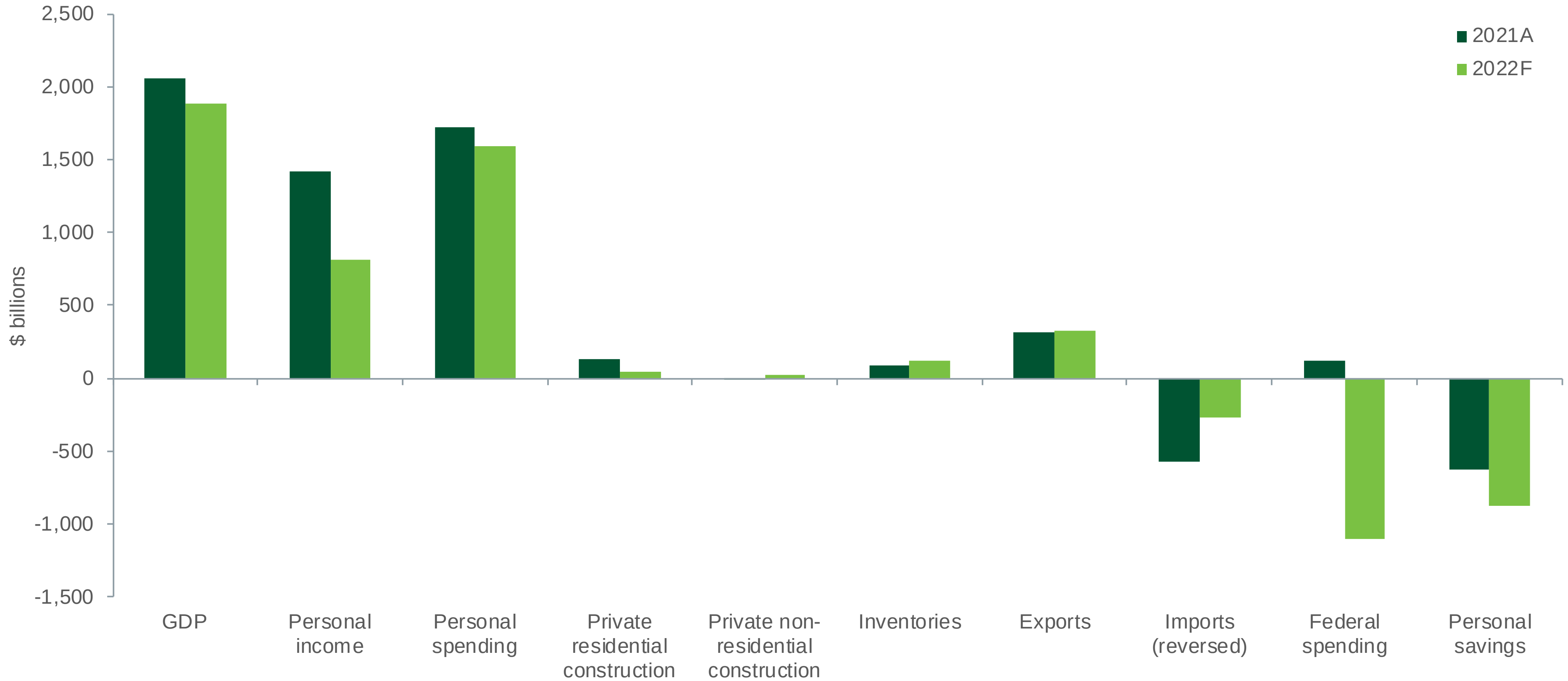
- Market outlook
- Portfolio update
- GASB 40 Holdings
- Appendix

Market outlook

Q4 2021 summary

- **The economy is moving from recovery to mid-cycle:** Forecasts for growth edged lower over the quarter as the emergence of the Omicron variant proved a reminder that the pandemic was not yet over. The economy is still expected to perform well in 2022 but grow at a more moderate pace than in 2021.
- **Inflation remained elevated:** Headline CPI accelerated to 7.0% year-on-year in December, the highest level for 40 years. With the level of prices now well above the pre-pandemic trend the Fed has exceeded its average inflation target, and has taken a more hawkish stance, with the 'dot plot' now suggesting multiple rate hikes in 2022. We believe that inflation will moderate in mid-2022, taking some pressure off the Fed. We anticipate at least three rates hikes in 2022.
- **The short end of the curve moved to price in rate hikes:** With the prospect of multiple interest rate hikes in 2022, the shorter end of the Treasury yield curve rose sharply, however, at the longer end of the curve yields declined. The 2-year maturity Treasury yield rose by 46bp to 0.73%, the 10-year maturity Treasury yield rose by 2bp to 1.51% and the 30-year maturity Treasury yield declined by 14bp to 1.91%.
- **Credit spreads widened:** Aggregate US corporate spreads ended the quarter 8bp wider. The intermediate and long area of the credit curves also widened by 8bp. High yield outperformed given the still positive economic outlook and less rate sensitivity.
- **The S&P 500 Index had an extremely strong year:** US equity markets moved sharply higher over the quarter, gaining 11% to end the year with a 28% gain.
- **Risks include:**
  - Inflation proves stickier than anticipated, forcing a more disruptive response from the Fed
  - Pressure to increase corporate leverage in a world of ultra low yields could lead to credit downgrades
  - New COVID variants force economic retrenchment
  - Fading fiscal stimulus more aggressively slows consumption
  - Valuations already reflect strong underlying fundamentals, though there remains ample security and sector selection opportunity

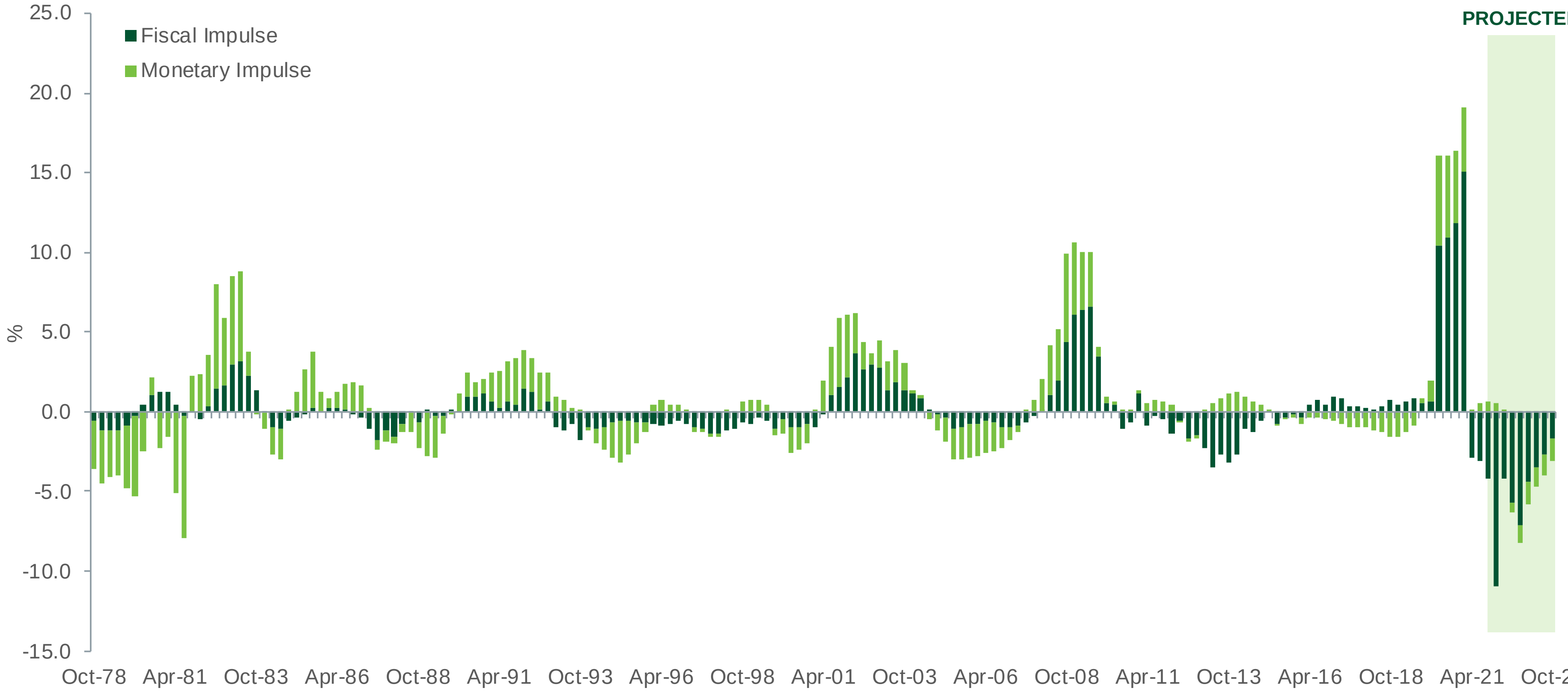
2022 growth drivers



Consumption and net exports will drive 3.9% real growth and about 4% annual inflation for 8% nominal growth. The extent to which lower savings offset a large fiscal drag is a key question for the trajectory of growth and inflation

Source: Insight, Bureau of Economic Analysis, Census, and Treasury Department as of December 31, 2021.

However, policy impulse is a significant headwind

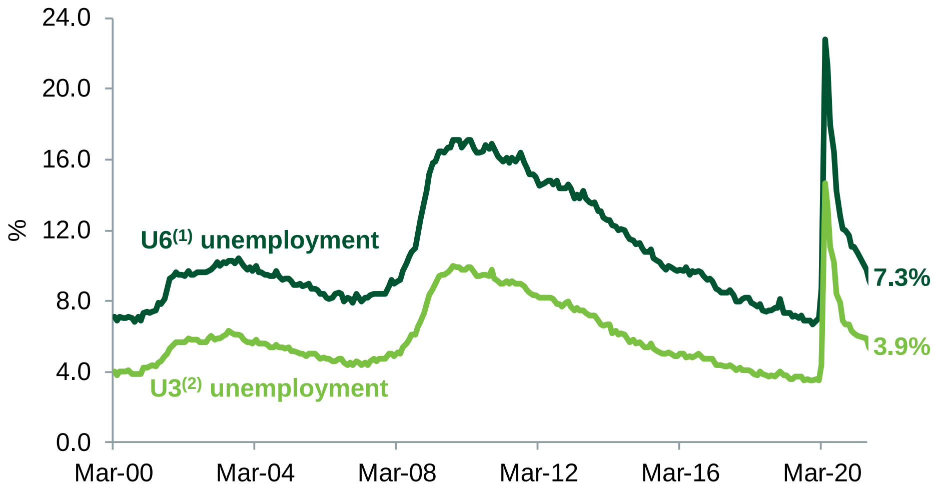


After unprecedented stimulus, there will be meaningful policy tightening in 2022 and 2023 unlike the 2016 2018 hiking cycle, fiscal policy will not offset monetary tightening

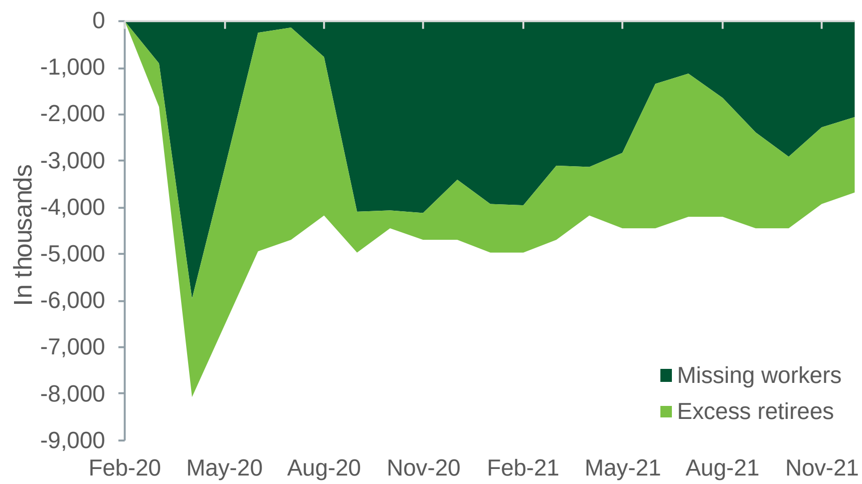
Source: Insight, Federal Reserve, Treasury Department as of December 31, 2021. Fiscal impulse is defined as the change in the federal deficit as a % of GDP. Monetary impulse is defined as the change in the effect Federal Fed Funds rate plus scaled changes in the Federal Reserve's balance sheet as a share of GDP

Unemployment likely to recover more fully than participation

US unemployment rate



Labor force exits



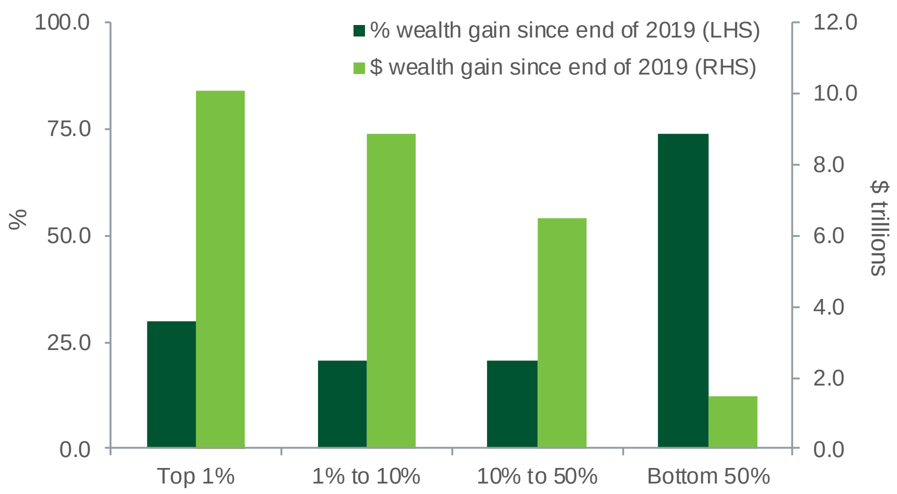
- 2022 will bring a return to pre-COVID unemployment:
  - The U3 unemployment rate has fallen below 4%, though participation remains short of pre-COVID levels
  - With strong demand for labor, we expect unemployment to reach 3.5% by mid-year and finish 2022 at a 68-year low

- Participation rate is unlikely to fully recover
  - COVID-19 and strong financial market performance have caused over 1 million Americans to pull forward retirement ("excess retirees"), which will suppress participation rates through 2023
  - Still, there are potentially 3 million Americans ("missing workers") who can return to the labor force, which may help to alleviate current shortages

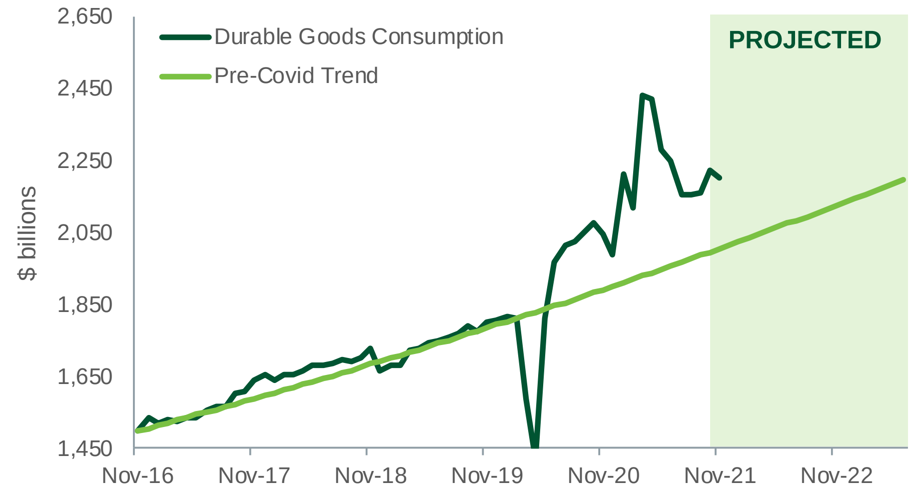
Source: Bureau of Labor Statistics, as of December 31, 2021 (LHS), and Insight Investment (RHS).
[1] U6 unemployment rate includes discouraged workers who have quit looking for a job and part-time workers who are seeking full-time employment. 2 U3 official unemployment rate.

Consumption will drive most of 2022's growth

Wealth gain since 2019



Durable goods consumption



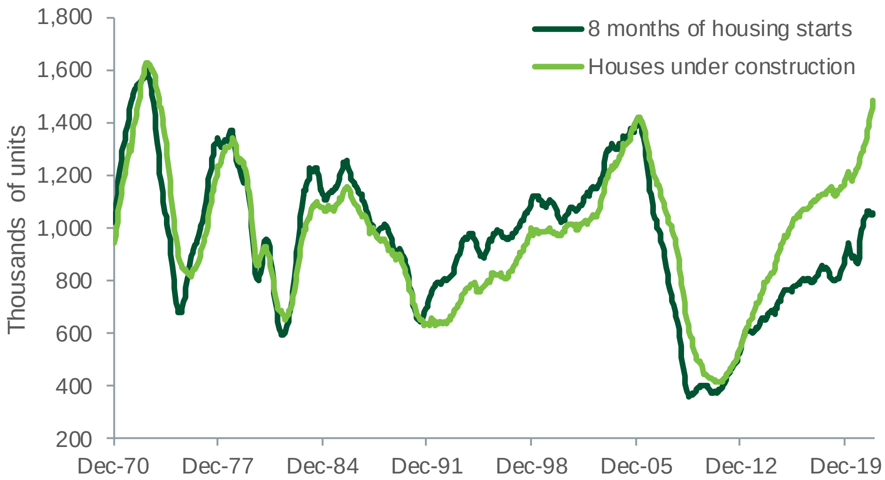
- Widespread wealth gains to power consumption:
  - Consumers across the income spectrum have stronger balance sheets today than pre-COVID, which should keep delinquencies low and spending strong
  - Not all excess savings will be spent as many sit in high-income households with lower propensity to spend

- Durable goods spending has peaked:
  - Durable goods spending should moderate further as stimulus fades, though current levels are still far higher than the pre-COVID trend
  - We expect moderating durable goods spending to be more than offset by rising services consumption particularly as omicron passes

Source: (LHS) Federal Reserve, Insight as of September 30, 2021; (RHS) Bureau of Economic Analysis, Insight as of November 30, 2021.

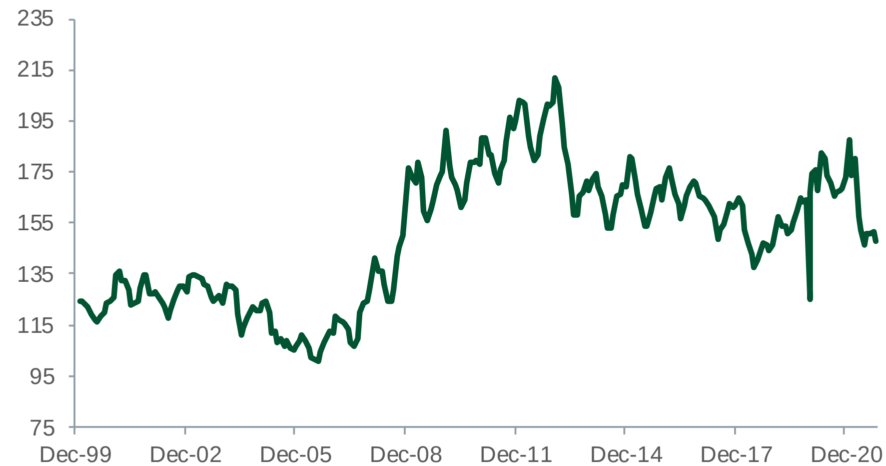
Increased supply should moderate home price gains

Construction backlogs have increased



- Supply strains have lengthened construction time:
  - It is taking about 3 months longer to complete a home than normal, meaning a 'surplus' 400k homes are awaiting completion
  - As this 'shadow inventory' gradually hits the market, pricing pressure should moderate

Home affordability index

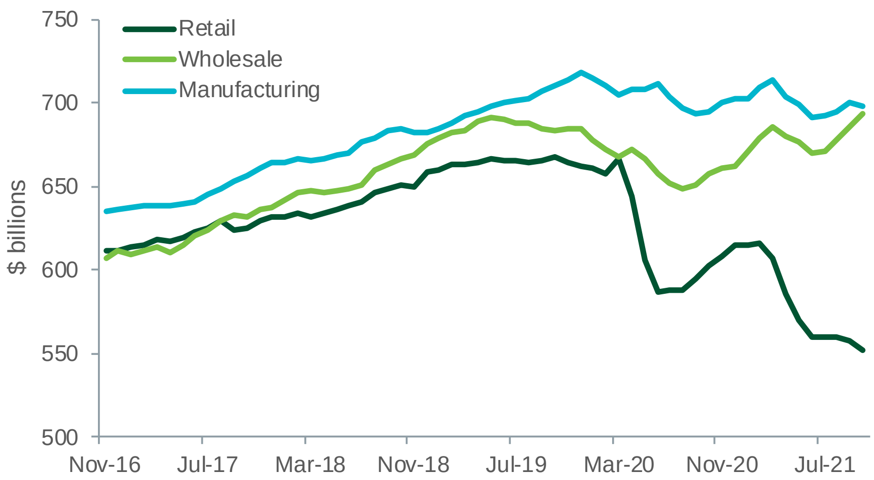


- Home affordability has weakened but is sustainable:
  - While lower rates have mitigated some of the price gains, affordability is nearing 2017 lows, which should slow home price appreciation from 18% to about 12% by the end of 2022
  - Moderating home price growth should filter through to inflation statistics in late 2022 and 2023

Source: (LHS) Census Bureau, Insight as of November 30, 2021; (RHS) Bloomberg, as of November 30, 2021.

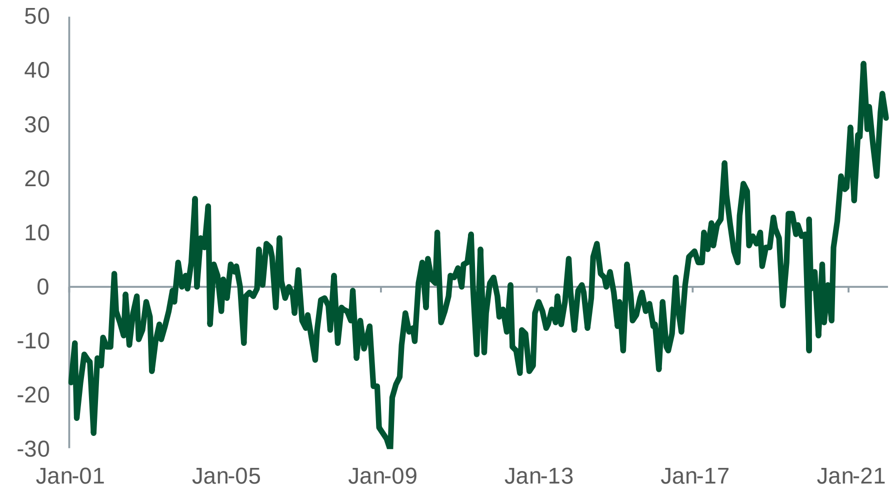
Supply chain strains have likely peaked

Inventories



- Inventory is beginning to build along the supply chain:
  - While retail inventories are continuing to fall, manufacturers' have stabilized and wholesalers have rising inventories
  - These products should gradually work through production and logistics networks and reach end markets this year

Delivery times

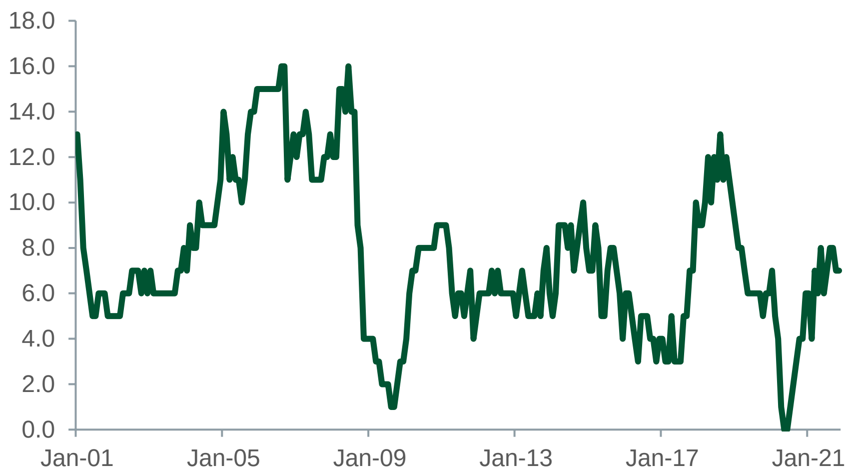


- Delivery times are peaking:
  - It is taking considerably longer for products to reach end-markets, but it appears these bottlenecks have passed their worst
  - Omicron does present a risk of delaying supply chain normalization until later in 2022

Source: (LHS) Census Bureau, Bureau of Labor Statistics, Insight as of November 30, 2021; (RHS) Philadelphia Federal Reserve, as of December 31, 2021. Inventories are deflated by Goods CPI

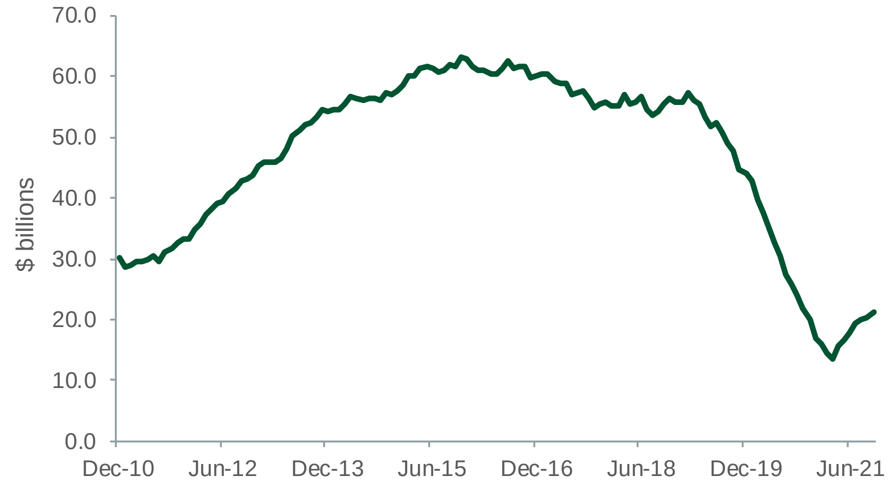
Strong demand should buoy business investment

Number of manufacturing sectors with capacity utilization over 80%



- More sectors are reaching full capacity:
  - While below 2018 peaks, the number of sectors operating at 80+% capacity is now above pre-COVID levels
  - As more sectors reach this level, cap-ex spending should increase as businesses seek to expand capacity

Aircraft exports

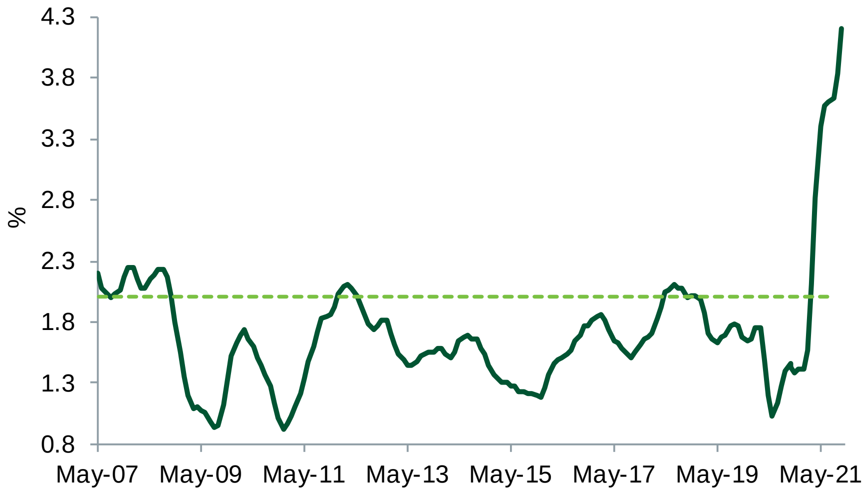


- Aerospace's nascent recovery should accelerate:
  - Global regulatory approval for a key aircraft, combined with travel recovery, should significantly boost aircraft exports, helping to normalize the trade balance
  - At 10% of US manufacturing, aerospace's recovery should be a meaningful boost to business investment

Source: (LHS) Insight, Federal Reserve as of November 30, 2021; (RHS) Census, as of November 30, 2021.

Above target inflation to persist into 2023

Core PCE[1]



CPI unlikely to materially slow until mid-2022

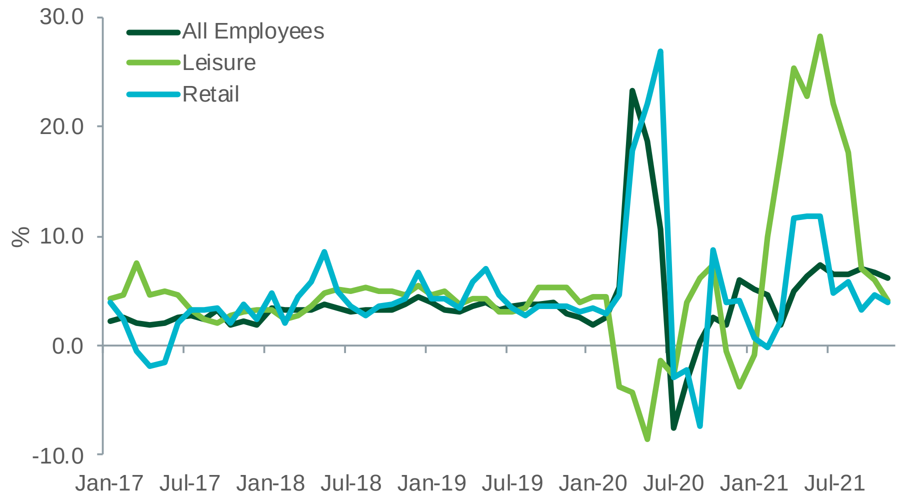
- Core PCE sits at a multi-decade high:
  - Supply chain disruptions, the reopening rush, and favorable base effects have given way to more broad-based price gains
  - While the Fed's framework permits modest inflation overshoots, the current level is beyond the bounds of tolerance

- However, inflation is unlikely to worsen materially:
  - We expect headline CPI to be at its peak whereas core CPI may not peak for several months
  - The pace of inflation should moderate in Q2 as base effects fade and supply chains improve but remain above target through year end

Source: (LHS) Bureau of Economic Analysis, as of November 30, 2021; (RHS) Bureau of Labor Statistics, as of November 30, 2021.
[1] Core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends.

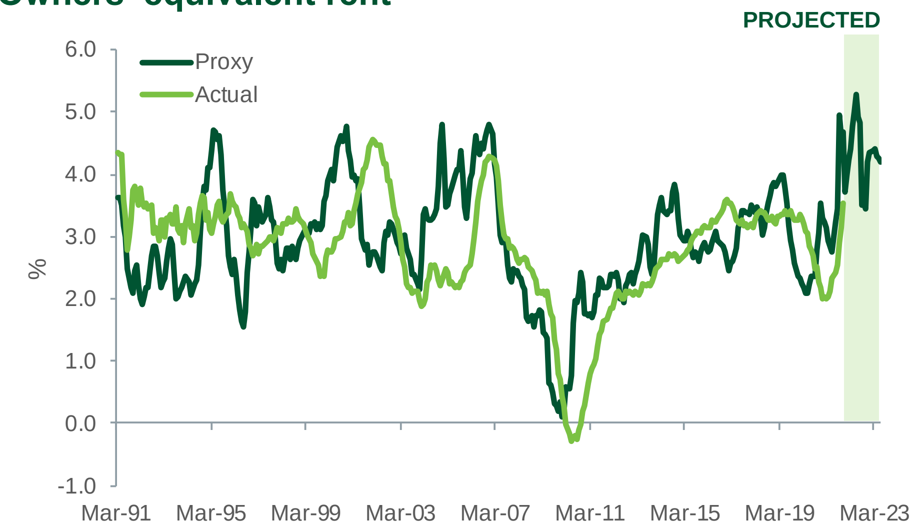
However, wages and shelter offer diverging pictures

3 month annualized hourly earnings growth



- Wage gains may be moderating:
  - Sectors like leisure and retail that have seen outsized wage gains are now seeing moderation as labor supply normalizes
  - While white-collar wage growth is a risk, improving labor force participation and strong productivity should mitigate risks of a wage-price spiral

Owners' equivalent rent

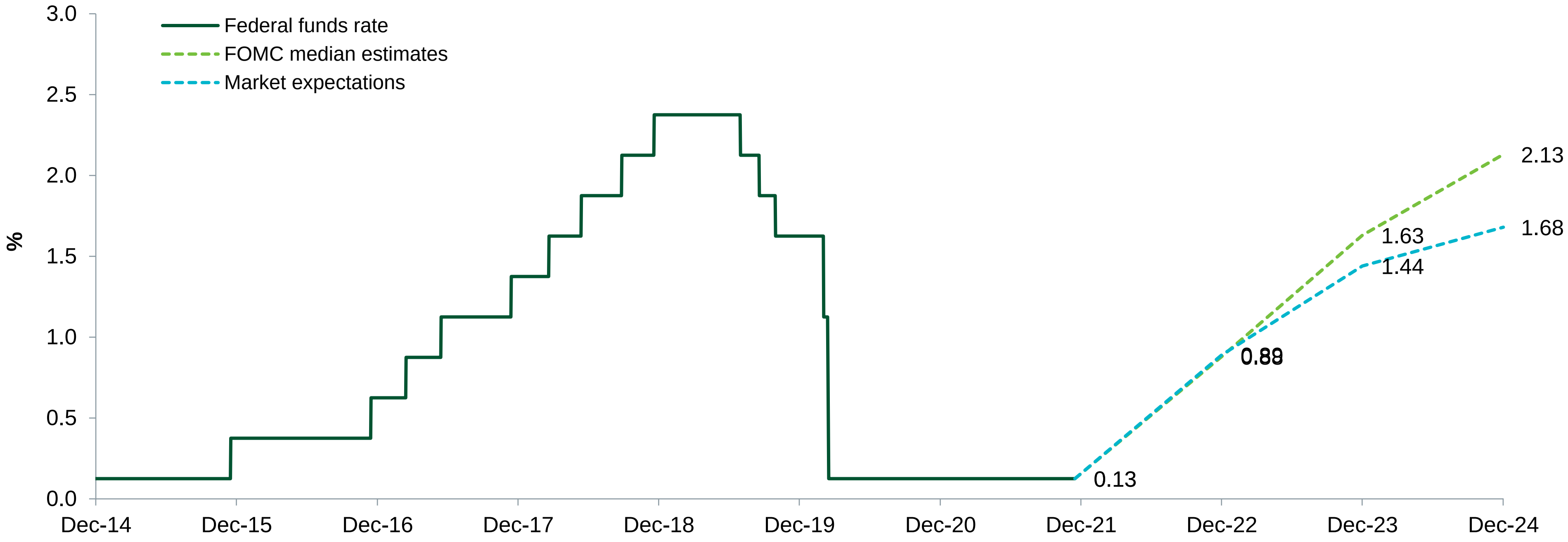


- Shelter inflation will likely rise further
  - Accounting for 30% of CPI, rent and owners' equivalent rent will determine how long above-target inflation persists
  - As home price and rent data filter through, shelter inflation is likely to accelerate to about 5% but then moderate late in the year

Source: (LHS) Bureau of Labor Statistics as of November 30, 2021; (RHS) Bureau of Labor Statistics, Insight, as November30, 2021.

The Fed does an about-face

- We expect the Fed to raise interest rates three times in 2022 as it begins to counter the inflation overshoot.
- The tapering program is likely to end in March, and we do expect balance sheet reductions to start in H2, though movement away from MBS and to treasuries could begin sooner.
- While the new voting rotation of Regional Presidents is more hawkish, future nominees from President Biden could counter this



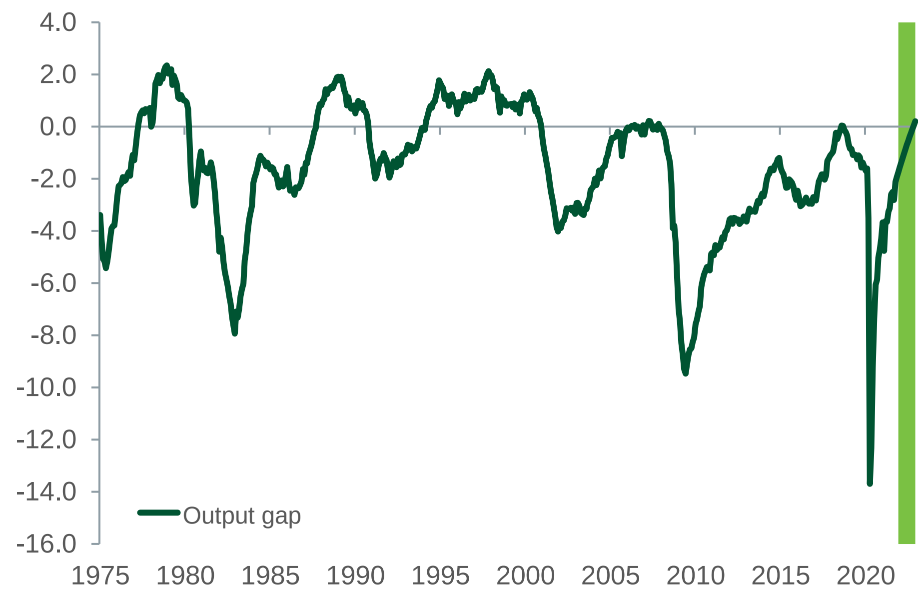
Source: Bloomberg, as of December 31, 2021. Opinions expressed herein are as of the date stated and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes. [1] 2.50% is the FOMC projection of the longer run neutral Fed Funds Rate. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate. Please refer to the important disclosures at the back of this presentation.

The Fed has never waited so long to raise rates

- When the Fed lifts off next year, it will have waited for unemployment to fall lower than it ever has before raising rates while letting inflation run hotter than any cycle since 1980

Initial Hike	Unemployment	CPI YoY
4/30/1956	4.0	0.7
8/31/1958	7.4	2.1
2/28/1961	6.9	1.4
11/30/1967	3.9	2.7
4/30/1971	5.9	4.2
6/30/1975	8.8	9.4
8/31/1980	7.7	12.9
3/31/1983	10.3	3.6
7/31/1985	7.4	3.6
4/30/1988	5.4	3.9
2/28/1994	6.6	2.5
3/31/1997	5.2	2.8
7/31/1999	4.3	2.1
7/31/2004	5.5	3.0
12/31/2015	5.0	0.7
Today	**4.2**	**6.9**
Our June 2022 Forecast	**3.5**	**4.0**

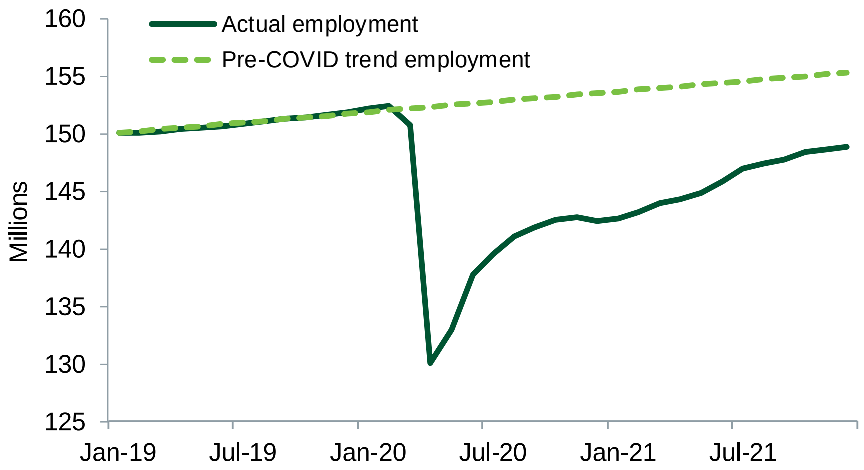
- Later lift-off could lead to a shorter but steeper hiking cycle can last while risking keeping inflation structurally hotter, particularly with an output gap that will close during 2022



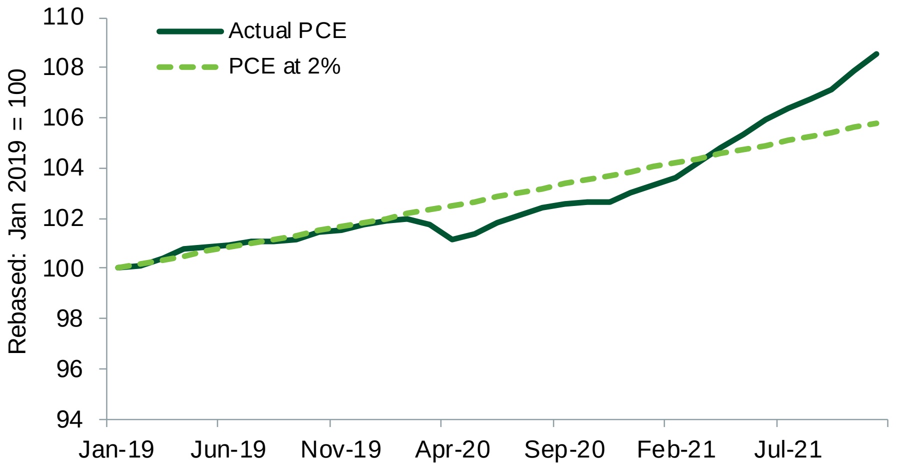
Source: Bureau of Labor Statistics, Federal Reserve (LHS), Federal Reserve Bank of St Louis, Insight (RHS), December 2021.

The Fed's dashboard – a closer look

Employment level



PCE Price Index



- Total employment remains well below trend:
  - The US economy has at least 6 million fewer jobs than would have been expected at this point pre-COVID
  - The pre-COVID trend may no longer be attainable given structural shifts in participation rates among certain groups
  - Record job openings and quits point to a labor market much closer to full employment than total employment levels

- The inflation target has been exceeded:
  - Elevated inflation in recent months has far surpassed the inflation shortfall since the Fed reviewed its policy framework
  - The magnitude of the inflation overshoot is increasingly outweighing the "miss" on aggregate employment for policymakers

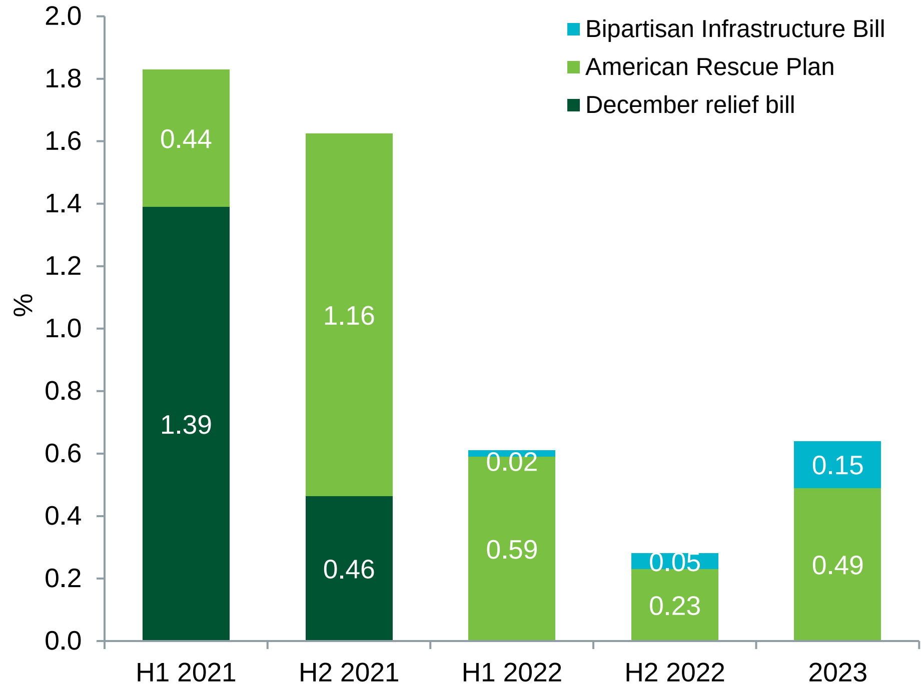
Source: (LHS) Bureau of Labor Statistics, Insight, as of December 31, 2021; (RHS) Bureau of Economic Analysis, Insight, as of November 30, 2021.

Fiscal policy outlook has dimmed materially

Likely policy actions

- Peak impulse from the $1.9 trillion American Rescue Plan has passed
  - 1.6% boost to 2021 GDP
  - 0.8% boost to 2022 GDP
- Bipartisan infrastructure bill will take over 18 months to ramp up
- A significant budget reconciliation bill is now unlikely
- We expect no change in tax policy for corporations or individuals
- The policy focus will likely shift to regulatory actions, particularly on antitrust issues and the financial sector after a Vice-Chair for Supervision is confirmed to the Federal Reserve by the Senate
- China tariffs likely to stay in place

GDP contribution



There will be a material decline in fiscal support for the economy in 2022, and significant policy action before the midterms is unlikely

Source: Insight, as of December 31, 2021. Opinions expressed herein are as of the date of this presentation and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes.

Insight's 2022 outlook

- The US economy has exceeded its pre-pandemic size, and the pace of growth has likely peaked
- We forecast that Gross Domestic Product (GDP) will expand about 3.9% in 2022, with risks to the forecast balanced
- Lower personal savings, improving trade, and inventory restocking will support growth and counter significant policy normalization
- The unemployment rate will likely finish 2022 at around 3.1 – 3.3%, depending on how many potential workers return to the labor force
- The Consumer Price Index (CPI) is likely around 7%, and we anticipate it beginning to fall meaningfully in Q2, finishing the year near 2.75%
- We expect the Fed to raise rates three times with tapering complete by March
- Corporate profits are likely to rise by about 6-9%, remaining near a record share of GDP
- Europe's recovery should catch up to the US during 2022 thanks to a more favorable fiscal backdrop
- Canada will grow about 4%, thanks to its strong export connection to the US, elevated excess savings, and strong commodity markets
- China is among the few major economies increasing policy accommodation in 2022 as it now faces challenges from its property sector and energy prices
- Elevated energy prices risk slowing real growth and keeping inflation higher for longer with Europe and Asia more exposed than the US

Source: Insight and Bloomberg, as of December 31, 2021. Any projections or forecasts contained herein are based upon certain assumptions considered reasonable. Projections are speculative in nature and some or all of the assumptions underlying the projections may not materialize or vary significantly from the actual results. Accordingly, the projections are only an estimate. Opinions expressed herein are as of the date stated and are subject to change without notice. Insight assumes no responsibility to update such information or to notify a client of any changes.

Portfolio update

BNY MELLON | INVESTMENT MANAGEMENT

Portfolio highlights

Sources of Return

Source of Return		Market	Positioning	Outlook
Duration/ Curve	• *Powell pivot*	• This interest rate cycle will not be like last cycles • Expect multiple hikes in 2022, balance sheet reduction	• Underweight benchmark duration	• Strategic underweight to duration with expectation of active Fed • Market under-appreciates how far the Fed may go
Sector/ Sub Sector	• *Expect spread sector volatility*	• Credit fundamentals in some sectors may have peaked • Agency MBS struggling as Fed reduces exposure	• Flexibility to add in all non-Treasury sectors	• Valuation cycle is at the “highs” for investment grade corporate securities • Allow agency MBS paydowns to reduce exposure
Security Selection	• *Remain mindful of market liquidity*	• Idiosyncratic risks rise as economic cycle matures, increasing downgrade risk • Treasury securities offer best liquidity to reposition portfolio	• 25% exposure to Treasury and CP provides portfolio flexibility	• Remain aware of credit ratings downgrade risk • Neutral outlook to credit given valuations and market risks

As of 1/27/2022

City & Borough of Juneau

Performance and key characteristics as of December 31, 2021

Total market value: $ 166,978,518

Total return (gross of fees)

	3 months %	YTD %	1 year %	Since Inception % p.a.
Portfolio	-0.70	-0.96	-0.96	1.97
Benchmark	-0.72	-0.97	-0.97	1.75
Relative	**0.02**	**0.01**	**0.01**	**0.22**

Key characteristics	Portfolio	Benchmark	Relative
Yield to worst (%)	1.10	1.04	0.06
Yield to maturity (%)	1.10	1.06	0.04
Effective duration (years)	2.51	2.74	-0.23
Average coupon	1.87	1.78	0.09
Convexity	-0.05	0.08	-0.13
Number of issuers	55	636	
Average rating	AA	AA	
Average life	2.82	2.83	-0.01

Commentary

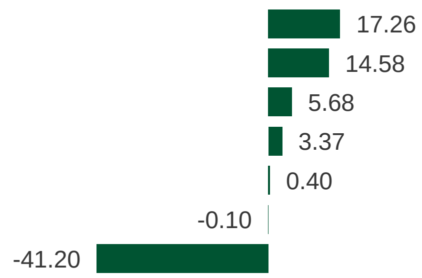
- Neutral relative to benchmark; absolute returns were negative
- Positive contribution from duration position offset by MBS overweight and BBB underweight
- Positioned for market yield with less interest rate risk

Sources: Insight, NT, Rimes, Bloomberg
Inception date: 10/31/2019
Benchmark history:
Bloomberg Barclay's 1-5 Yr Gov/Credit: 10/31/2019- present

City & Borough of Juneau

Sector allocation as of December 31, 2021

	Market value (%)		Relative (%)
Sector	**Portfolio**	**Benchmark**	
Government Agencies	21.10	3.84	17.26
Government Mortgage Backed Securities	14.58	-	14.58
Asset Backed Securities	5.68	-	5.68
Corporate Bonds	33.48	30.11	3.37
Cash & Cash Equivalent	0.40	-	0.40
Municipal/Provincial Bonds	-	0.10	-0.10
Government Bonds	24.76	65.96	-41.20
Total	**100.00**	**100.00**	



Commentary

- Agency mortgage backed securities add yield, but struggle with Fed
- Near benchmark allocation to corporate bonds

City & Borough of Juneau
Maturity and duration summary as of December 31, 2021

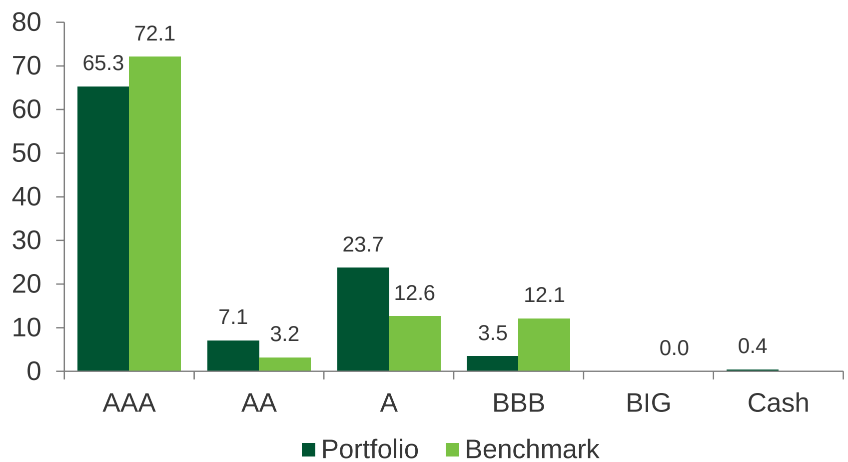
Maturity	Market value (%) Portfolio	Benchmark	Relative
0 - 1 Year	4.06	0.64	3.42
1 - 3 Years	36.61	54.83	-18.22
3 - 5 Years	42.27	44.52	-2.25
5 - 7 Years	8.96	0.01	8.95
7 - 10 Years	3.46	-	3.46
10 - 15 Years	3.98	-	3.98
15 - 25 Years	0.67	-	0.67
25+ Years	-	-	-
Total	**100.00**	**100.00**	

	Market value (%)			Contribution to duration		
Duration	**Portfolio**	**Benchmark**	**Relative**	**Portfolio**	**Benchmark**	**Relative**
0 - 1 Year	12.17	0.65	11.52	0.03	0.01	0.02
1 - 3 Years	49.66	58.51	-8.85	1.09	1.15	-0.06
3 - 5 Years	37.17	40.84	-3.67	1.32	1.59	-0.27
5 - 7 Years	1.00	-	1.00	0.06	-	0.06
7 - 10 Years	-	-	-	-	-	-
10 - 15 Years	-	-	-	-	-	-
15 - 25 Years	-	-	-	-	-	-
25+ Years	-	-	-	-	-	-
Total	**100.00**	**100.00**		**2.51**	**2.74**	

City & Borough of Juneau
Ratings summary as of December 31, 2021

	Market value (%)			Contribution to duration		
Rating	**Portfolio**	**Benchmark**	**Relative**	**Portfolio**	**Benchmark**	**Relative**
AAA	65.29	72.11	-6.82	1.77	1.98	-0.21
AA	7.11	3.16	3.95	0.16	0.09	0.07
A	23.74	12.62	11.12	0.46	0.34	0.12
BBB	3.46	12.08	-8.62	0.12	0.34	-0.22
BIG	-	0.03	-0.03	-	0.00	0.00
Cash	0.40	-	0.40	-	-	-
Total	**100.00**	**100.00**		**2.51**	**2.74**	

Market value distribution (%)



Contribution to duration

Approach used for credit rating: Average.

City & Borough of Juneau

Performance attribution for year to date December 31, 2021

Factors	Value Added (bps)
Duration and Yield Curve	13.7
Allocation	-5.2
Security Selection	-7.7
Total	**0.9**

Key rates	OAD	6 Mo	1 Yr	2 Yr	5 Yr	7 & Over
Portfolio	2.5	0.0	0.1	1.2	1.0	0.1
Benchmark	2.7	0.1	0.0	1.3	1.3	0.0

Sector	Overweight/underweight	Contribution (bps)
Positive contributors		
Treasury	-40.1	38.3
Sov_Supra	-4.2	3.7
Cash	0.4	0.0
ABS	5.1	-0.6
CMBS	2.7	-2.1
Negative contributors		
MBS	7.4	-5.0
CMO	6.8	-5.4
Corp	7.7	-9.7
Agency	14.1	-18.8

Commentary

- Underweight duration (+)
- Higher quality investments (-)

Issuer	Overweight/underweight	Contribution (bps)
Positive contributors		
US TREASURY N/B	-40.1	38.3
INTL BK RECON & DEVELOP	-0.8	1.0
TORONTO-DOMINION BANK	1.1	0.8
FHR	0.0	0.8
JPMORGAN CHASE & CO	0.8	0.8
Negative contributors		
FANNIE MAE	10.2	-13.0
FREDDIE MAC	8.1	-7.3
FEDERAL FARM CREDIT BANK	4.7	-3.4
INT DEVELOPMENT FIN CORP	2.7	-2.9
FEDERAL HOME LOAN BANK	1.5	-2.1

City & Borough of Juneau

Corporate ESG Report as of December 31, 2021

This portfolio assesment includes 51 corporate bonds and 38 corporate issuers.

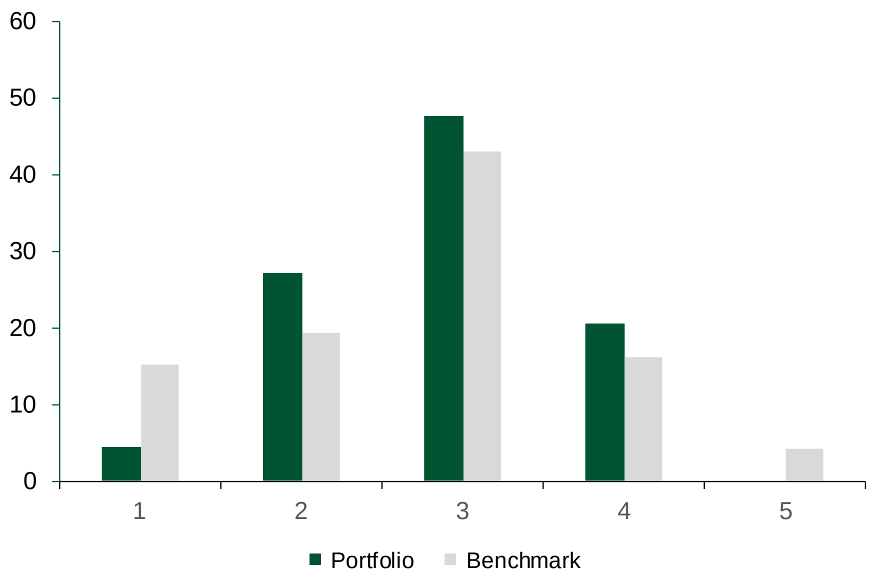
ESG average scores

	Overall	Environment	Social	Governanace	Coverage
Portfolio score	2.8	2.2	3.2	3.3	100.0%
Benchmark score	2.7	2.2	3.1	3.1	98.1%

Rating scale

1	Strongest
2	
3	
4	
5	Weakest

Overall ESG score distribution (%)



ESG detail

- Avoid weakest ESG scores unless valuations offer outsized opportunity

Further information on rating methodology can be found on the next page.

Insight's ESG reporting methodology

Ratings for corporate and sovereign assessments

Insight operates proprietary ESG ratings for corporate and sovereign issuers

- The Insight ESG ratings aim to be dynamic and integrate our fixed income analysts' and portfolio manager views effectively. Our raw data inputs can include datasets from MSCI ESG Research, Sustainalytics, VigeoEiris, CDP, World Bank, UN and others.
- Each raw metric has two key elements: 1) a score evaluating metric performance, and 2) a weight evaluating metric materiality. For corporates, they are mapped to our 29 key issues framework (see below), which is then industry weight-adjusted; sovereigns are rated against 48 factors, equally weighted, which are categorised by

ESG overall score[1] Normalised industry-adjusted score 1-5								
Environment pillar Normalised score 1-5			Social pillar Normalised score 1-5			Governance pillar Normalised score 1-5		
Climate change	Natural capital	Pollution	Customer	Product	Workforce	Corporate governance	Behaviour	Macro
Environmental controversies			Social controversies			Governance controversies		
Carbon Emissions	Biodiversity and land use	Pollution and waste	Customer relations	Controversial sourcing	Health and demographic risk	Board	Anti-Competitive Practices	Conflict
Carbon financing and exposure	Raw material sourcing		Privacy and data security	Financial security	Health and safety	Pay	Business ethics	Financial system instability
Product Footprint	Water management			Quality and safety	Human capital	Ownership	Corruption and Instability	Policy and lobbying
				Responsible investment	Labour management	Accounting	Tax transparency	
					Supply chain			

- Insight's ESG ratings methodology focuses on themes our investment staff consider most pertinent for risk. This simplifies the ratings input and ensures the output is materiality-focused. Analysts can recommend to an ESG panel changing the rating by 1.
- Carbon intensity calculations take a companies' total Scope 1 and Scope 2 emissions, then normalised by revenue (US$). This data is taken directly without modifications.

Final output

- The corporate ESG rating indicates an issuer's relative peer performance. We calculate a percentile based on the raw ESG ratings within each GICS industry, and assign an ESG rating (see table).

ESG rating	Percentile range
1 (best)	90-100
2	70-89
3	30-69
4	10-29
5 (worst)	0-10

- The sovereign ESG rating indicates an issuer's performance relative to its 185 peers. We calculate a raw score and assign that score into 1-5 buckets.
- Final scores for both ESG and Carbon are a weighted calculation, and only issuers with data are included. The calculations for ESG overall score, plus the individual pillars are calculated in the same way. No sovereigns are included in carbon calculations.

GASB 40

The following list of holdings is only valid as of December 31, 2021 and should not be relied upon as a complete listing of past investment decisions. Holdings are subject to change without notice, may not represent current or future decisions and should not be construed as investment recommendations.

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2021

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
United States Treasury Note/Bond												
91282CBA8	USA TREASURY 0.125%	0.125	12/15/2023		AA+	Aaa	4,065,000.00	4,030,841.70	2.40	4,018,792.37	2.42	1.95
912828W48	USA TREASURY 2.125%	2.125	02/29/2024		AA+	Aaa	2,025,000.00	2,148,873.04	1.28	2,083,456.06	1.25	2.11
912828XT2	USA TREASURY 2%	2.000	05/31/2024		AA+	Aaa	2,650,000.00	2,805,213.96	1.67	2,723,289.06	1.64	2.36
912828YE4	USA TREASURY 1.25%	1.250	08/31/2024		AA+	Aaa	1,975,000.00	2,031,016.38	1.21	1,993,592.77	1.20	2.61
912828YH7	USA TREASURY 1.5%	1.500	09/30/2024		AA+	Aaa	2,835,000.00	2,938,843.95	1.75	2,880,404.28	1.73	2.69
912828YM6	USA TREASURY 1.5%	1.500	10/31/2024		AA+	Aaa	4,375,000.00	4,539,845.01	2.70	4,444,555.68	2.67	2.77
912828YV6	USA TREASURY 1.5%	1.500	11/30/2024		AA+	Aaa	4,450,000.00	4,643,624.79	2.76	4,521,095.69	2.72	2.85
912828YY0	USA TREASURY 1.75%	1.750	12/31/2024		AA+	Aaa	1,650,000.00	1,722,392.58	1.02	1,688,091.80	1.01	2.93
912828J27	USA TREASURY 2%	2.000	02/15/2025		AA+	Aaa	3,075,000.00	3,237,398.44	1.93	3,168,210.94	1.90	3.02
91282CAB7	USA TREASURY 0.25%	0.250	07/31/2025		AA+	Aaa	2,100,000.00	2,059,148.44	1.22	2,037,738.28	1.22	3.56
9128285J5	USA TREASURY 3%	3.000	10/31/2025		AA+	Aaa	2,600,000.00	2,967,869.38	1.77	2,781,796.89	1.67	3.64
91282CAT8	USA TREASURY 0.25%	0.250	10/31/2025		AA+	Aaa	1,250,000.00	1,236,283.48	0.74	1,208,642.58	0.73	3.81
912828P46	USA TREASURY 1.625%	1.625	02/15/2026		AA+	Aaa	1,650,000.00	1,749,608.12	1.04	1,679,132.81	1.01	3.98
9128286L9	USA TREASURY 2.25%	2.250	03/31/2026		AA+	Aaa	2,890,000.00	3,117,145.11	1.85	3,015,082.81	1.81	4.05
912828R36	USA TREASURY 1.625%	1.625	05/15/2026		AA+	Aaa	2,925,000.00	3,058,494.75	1.82	2,975,616.22	1.79	4.23
Issuer total							**40,515,000.00**	**42,286,599.13**	**25.16**	**41,219,498.24**	**24.77**	**3.03**
Federal Farm Credit Banks Funding Corp												
3133EKSN7	FEDERAL FARM CREDIT	1.770	06/26/2023		AA+	Aaa	1,890,000.00	1,899,083.34	1.13	1,929,935.11	1.16	1.47
3133ELCP7	FEDERAL FARM CREDIT	1.625	12/03/2024		AA+	Aaa	1,500,000.00	1,497,915.00	0.89	1,535,166.86	0.92	2.86
3133EMWH	FEDERAL FARM CREDIT	0.710	04/21/2025	04/21/2022	AA+	Aaa	1,575,000.00	1,573,818.75	0.94	1,549,525.78	0.93	2.58
3133ELQ49	FEDERAL FARM CREDIT	0.700	06/30/2025		AA+	Aaa	1,000,000.00	999,200.00	0.59	988,232.06	0.59	2.43
3133ELJU9	FEDERAL FARM CREDIT	1.980	01/27/2026	01/27/2022	AA+	Aaa	1,600,000.00	1,598,400.00	0.95	1,602,051.55	0.96	0.29
3133EL4D3	FEDERAL FARM CREDIT	0.900	08/19/2027		AA+	Aaa	1,500,000.00	1,498,125.00	0.89	1,455,447.20	0.87	4.41
Issuer total							**9,065,000.00**	**9,066,542.09**	**5.39**	**9,060,358.56**	**5.45**	**2.28**

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2021

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Fannie Mae Pool												
3140XTAA9	FANNIE MAE FN FP0000	3.000	11/01/2027		AA+	Aaa	357,495.25	371,124.78	0.22	377,074.98	0.23	1.88
3138MRMU	FANNIE MAE FN AQ9370	2.000	01/01/2028		AA+	Aaa	1,535,093.95	1,533,414.93	0.91	1,578,355.69	0.95	2.08
3138ELF24	FANNIE MAE FN AL3784	2.000	07/01/2028		AA+	Aaa	1,434,902.84	1,433,109.24	0.85	1,475,051.92	0.89	2.14
3140J5Z44	FANNIE MAE FN BM1662	3.500	04/01/2031		AA+	Aaa	280,015.92	297,779.43	0.18	294,509.54	0.18	1.83
3140X5AD5	FANNIE MAE FN FM1803	3.000	08/01/2031		AA+	Aaa	1,398,491.22	1,438,042.30	0.86	1,464,596.67	0.88	2.23
3140LWDF1	FANNIE MAE FN BT7301	1.500	09/01/2031		AA+	Aaa	1,592,368.70	1,631,182.69	0.97	1,604,610.42	0.96	3.05
3140X5MQ3	FANNIE MAE FN FM2166	2.500	01/01/2033		AA+	Aaa	859,458.22	887,390.61	0.53	892,207.42	0.54	2.53
3140X6XQ9	FANNIE MAE FN FM3386	3.500	07/01/2034		AA+	Aaa	855,612.70	909,222.17	0.54	899,899.20	0.54	2.03
Issuer total							**8,313,438.80**	**8,501,266.15**	**5.06**	**8,586,305.84**	**5.16**	**2.33**
Federal National Mortgage Association												
3135G0X24	FANNIE MAE 1.625%	1.625	01/07/2025		AA+	Aaa	1,194,000.00	1,190,191.14	0.71	1,215,818.96	0.73	2.93
3136G4D75	FANNIE MAE 0.6%	0.600	07/29/2025	07/29/2022	AA+	Aaa	1,750,000.00	1,751,573.25	1.04	1,716,493.49	1.03	3.06
3135G05S8	FANNIE MAE 0.5%	0.500	08/14/2025	08/14/2023	AA+	Aaa	1,500,000.00	1,497,000.00	0.89	1,465,728.02	0.88	3.27
3136G4H71	FANNIE MAE 0.5%	0.500	08/18/2025	02/18/2022	AA+	Aaa	1,200,000.00	1,199,040.00	0.71	1,171,910.09	0.70	3.50
3135G05X7	FANNIE MAE 0.375%	0.375	08/25/2025		AA+	Aaa	1,447,000.00	1,440,228.04	0.86	1,407,773.80	0.85	3.62
Issuer total							**7,091,000.00**	**7,078,032.43**	**4.21**	**6,977,724.36**	**4.19**	**3.27**
Freddie Mac REMICS												
3137F8BJ1	FREDDIE MAC FHR 5058	1.000	10/15/2026		AA+	Aaa	1,189,404.48	1,203,482.20	0.72	1,188,785.87	0.71	1.59
3137ASSN5	FREDDIE MAC FHR 4093 AE	1.750	08/15/2027		AA+	Aaa	1,457,473.00	1,444,207.72	0.86	1,470,883.94	0.88	1.96
3137BYYN4	FREDDIE MAC FHR 4690 EJ	3.000	01/15/2032		AA+	Aaa	1,219,209.51	1,252,642.51	0.75	1,263,293.44	0.76	2.62
3137FTHV2	FREDDIE MAC FHR 4980	1.250	10/25/2034		AA+	Aaa	1,065,239.29	1,080,718.56	0.64	1,052,212.69	0.63	3.57
3137FVEN8	FREDDIE MAC FHR 5000 CB	1.250	01/25/2035		AA+	Aaa	1,103,202.85	1,122,293.42	0.67	1,090,606.81	0.66	3.61
3137FVM90	FREDDIE MAC FHR 5007	1.500	10/15/2046		AA+	Aaa	465,328.76	471,290.78	0.28	467,593.05	0.28	1.07
Issuer total							**6,499,857.89**	**6,574,635.19**	**3.91**	**6,533,375.80**	**3.93**	**2.50**

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2021

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Home Loan Banks												
3130APRF4	FEDERAL HOME LOAN	1.000	11/15/2024	02/15/2022	AA+	Aaa	1,000,000.00	999,800.00	0.59	998,737.78	0.60	1.54
3130A4CH3	FEDERAL HOME LOAN	2.375	03/14/2025		AA+	Aaa	2,000,000.00	2,063,140.00	1.23	2,084,182.62	1.25	3.08
3130AK5E2	FEDERAL HOME LOAN	0.375	09/04/2025		AA+	Aaa	435,000.00	433,695.00	0.26	423,200.37	0.25	3.65
3130ALCE2	FEDERAL HOME LOAN	0.920	02/26/2027	02/26/2022	AA+	Aaa	1,250,000.00	1,225,862.50	0.73	1,222,025.26	0.73	3.92
3130ALGL2	FEDERAL HOME LOAN	1.115	02/26/2027	02/26/2022	AA+	Aaa	750,000.00	750,000.00	0.45	740,137.24	0.44	3.63
Issuer total							**5,435,000.00**	**5,472,497.50**	**3.26**	**5,468,283.27**	**3.29**	**3.11**
United States International Development Finance Corp												
690355AU6	INT DEVELOPMENT FIN	0.000	07/23/2022		AA+	Aaa	2,000,000.00	2,000,000.00	1.19	2,100,500.00	1.26	0.56
90376PCN9	INT DEVELOPMENT FIN	0.800	05/15/2029		AA+	Aaa	1,000,000.00	1,000,000.00	0.59	975,105.70	0.59	3.88
90376PAD3	INT DEVELOPMENT FIN	1.790	10/15/2029		AA+	Aaa	1,403,118.70	1,403,118.70	0.83	1,420,961.22	0.85	3.93
Issuer total							**4,403,118.70**	**4,403,118.70**	**2.62**	**4,496,566.92**	**2.70**	**2.39**
Freddie Mac Multifamily Structured Pass Through Certificates												
3137BWWD	FHLMC MULTIFAMILY	3.002	01/25/2024		AAA	NR	1,425,000.00	1,479,328.13	0.88	1,475,682.55	0.89	1.91
3137F2L38	FHLMC MULTIFAMILY	2.797	12/25/2026		AA+	Aaa	2,699,985.51	2,798,809.19	1.66	2,818,197.36	1.69	2.87
Issuer total							**4,124,985.51**	**4,278,137.32**	**2.54**	**4,293,879.91**	**2.58**	**2.54**
Federal Home Loan Mortgage Corp												
3137EAEP0	FREDDIE MAC 1.5%	1.500	02/12/2025		AA+	Aaa	1,615,000.00	1,613,756.45	0.96	1,638,646.22	0.98	3.04
3134GVB31	FREDDIE MAC 0.75%	0.750	05/28/2025	02/28/2022	AA+	Aaa	1,000,000.00	1,000,310.00	0.60	990,917.73	0.60	2.76
3137EAEX3	FREDDIE MAC 0.375%	0.375	09/23/2025		AA+	Aaa	1,290,000.00	1,286,117.10	0.77	1,255,363.16	0.75	3.70
Issuer total							**3,905,000.00**	**3,900,183.55**	**2.32**	**3,884,927.11**	**2.33**	**3.19**
HSBC Holdings PLC												
404280BR9	HSBC HOLDINGS PLC FRN	1.160	05/18/2024		A-	A3	1,250,000.00	1,245,387.50	0.74	1,261,667.58	0.76	0.16

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HSBC Holdings PLC												
404280CM9	HSBC HOLDINGS PLC	1.589	05/24/2027	05/24/2026	A-	A3	1,500,000.00	1,500,000.00	0.89	1,467,715.05	0.88	4.24
Issuer total							**2,750,000.00**	**2,745,387.50**	**1.63**	**2,729,382.63**	**1.64**	**2.39**
State Street Corp												
857477AL7	STATE STREET CORP 3.1%	3.100	05/15/2023		A-	A2	1,000,000.00	1,029,900.00	0.61	1,031,198.48	0.62	1.34
857477BM4	STATE STREET CORP	2.901	03/30/2026	03/30/2025	A	A1	1,500,000.00	1,629,930.00	0.97	1,568,986.34	0.94	3.09
Issuer total							**2,500,000.00**	**2,659,830.00**	**1.58**	**2,600,184.82**	**1.56**	**2.41**
Bank of America Corp												
06051GJH3	BANK OF AMERICA CORP	0.810	10/24/2024	10/24/2023	A-	A2	1,250,000.00	1,253,900.00	0.75	1,241,804.08	0.75	1.79
06051GGZ6	BANK OF AMERICA CORP	3.366	01/23/2026	01/23/2025	A-	A2	1,250,000.00	1,303,450.00	0.78	1,315,497.98	0.79	2.88
Issuer total							**2,500,000.00**	**2,557,350.00**	**1.52**	**2,557,302.06**	**1.54**	**2.35**
Public Service Electric and Gas Co												
74456QBC9	PUBLIC SERVICE ELECTRIC	2.375	05/15/2023	02/15/2023	A	A1	1,700,000.00	1,722,423.00	1.02	1,729,896.98	1.04	1.15
74456QBD7	PUBLIC SERVICE ELECTRIC	3.750	03/15/2024	12/15/2023	A	A1	599,000.00	638,246.48	0.38	626,396.36	0.38	1.90
Issuer total							**2,299,000.00**	**2,360,669.48**	**1.40**	**2,356,293.34**	**1.42**	**1.35**
American Express Credit Account Master Trust												
02582JJR2	AMERICAN EXPRESS	0.900	11/15/2026		NR	Aaa	2,307,000.00	2,306,639.65	1.37	2,294,521.44	1.38	2.83
Issuer total							**2,307,000.00**	**2,306,639.65**	**1.37**	**2,294,521.44**	**1.38**	**2.83**
Israel Government AID Bond												
46513EFF4	AID-ISRAEL 5.5%	5.500	09/18/2023		AA+	Aaa	2,000,000.00	2,279,977.54	1.36	2,159,802.90	1.30	1.64
Issuer total							**2,000,000.00**	**2,279,977.54**	**1.36**	**2,159,802.90**	**1.30**	**1.64**

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Hashemite Kingdom of Jordan Government AID Bond												
418097AF8	AID-JORDAN 3%	3.000	06/30/2025		AA+	Aaa	2,000,000.00	2,126,480.00	1.27	2,115,718.50	1.27	3.34
Issuer total							**2,000,000.00**	**2,126,480.00**	**1.27**	**2,115,718.50**	**1.27**	**3.34**
Toronto-Dominion Bank/The												
89114QCL0	TORONTO-DOMINION	0.500	09/28/2023		A	A1	2,100,000.00	2,100,000.00	1.25	2,106,229.67	1.27	0.02
Issuer total							**2,100,000.00**	**2,100,000.00**	**1.25**	**2,106,229.67**	**1.27**	**0.02**
Exxon Mobil Corp												
30231GBH4	EXXON MOBIL	2.992	03/19/2025	02/19/2025	AA-	Aa2	1,975,000.00	1,975,000.00	1.17	2,076,383.11	1.25	3.01
Issuer total							**1,975,000.00**	**1,975,000.00**	**1.17**	**2,076,383.11**	**1.25**	**3.01**
Duke Energy Carolinas LLC												
26442CAV6	DUKE ENERGY CAROLINAS	3.050	03/15/2023	02/15/2023	A	Aa3	2,000,000.00	2,066,080.00	1.23	2,049,083.70	1.23	1.11
Issuer total							**2,000,000.00**	**2,066,080.00**	**1.23**	**2,049,083.70**	**1.23**	**1.11**
DTE Electric Co												
250847EJ5	DTE ELECTRIC CO 2.65%	2.650	06/15/2022	03/15/2022	A	Aa3	1,000,000.00	1,013,590.00	0.60	1,004,374.16	0.60	0.20
23338VAB2	DTE ELECTRIC CO 3.65%	3.650	03/15/2024	12/15/2023	A	Aa3	975,000.00	1,034,075.25	0.62	1,020,984.12	0.61	1.91
Issuer total							**1,975,000.00**	**2,047,665.25**	**1.22**	**2,025,358.28**	**1.22**	**1.06**
Entergy Gulf States Louisiana LLC												
29365PAR3	ENTERGY LOUISIANA LLC	3.780	04/01/2025	01/01/2025	A	A2	1,900,000.00	2,081,735.00	1.24	2,021,557.48	1.22	2.88
Issuer total							**1,900,000.00**	**2,081,735.00**	**1.24**	**2,021,557.48**	**1.22**	**2.88**
Credit Suisse AG/New York NY												
22550UAB7	CREDIT SUISSE NEW YORK	0.440	02/02/2024		A+	A1	750,000.00	746,422.50	0.44	747,962.66	0.45	0.02
22546QAP2	CREDIT SUISSE NEW YORK	3.625	09/09/2024		A+	A1	500,000.00	543,270.00	0.32	530,318.28	0.32	2.55

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Credit Suisse AG/New York NY												
22550L2G5	CREDIT SUISSE NEW YORK	1.250	08/07/2026		A+	A1	750,000.00	730,620.00	0.43	731,552.06	0.44	4.45
Issuer total							**2,000,000.00**	**2,020,312.50**	**1.20**	**2,009,833.00**	**1.21**	**2.30**
JPMorgan Chase & Co												
46647PBQ8	JPMORGAN CHASE & CO	1.514	06/01/2024	06/01/2023	A-	A2	1,000,000.00	1,022,880.00	0.61	1,007,678.75	0.61	1.40
46647PBT2	JPMORGAN CHASE & CO	1.045	11/19/2026	11/19/2025	A-	A2	1,000,000.00	971,900.00	0.58	974,692.28	0.59	3.80
Issuer total							**2,000,000.00**	**1,994,780.00**	**1.19**	**1,982,371.03**	**1.19**	**2.57**
Morgan Stanley												
61746BDZ6	MORGAN STANLEY 3.875%	3.875	01/27/2026		BBB+	A1	1,000,000.00	1,134,950.00	0.68	1,081,869.45	0.65	3.75
6174468Q5	MORGAN STANLEY 2.188%	2.188	04/28/2026	04/28/2025	BBB+	A1	775,000.00	817,462.25	0.49	790,535.79	0.48	3.20
Issuer total							**1,775,000.00**	**1,952,412.25**	**1.16**	**1,872,405.24**	**1.13**	**3.52**
Caterpillar Financial Services Corp												
14913Q2M0	CATERPILLAR FINL	0.666	05/15/2023		A	A2	1,250,000.00	1,260,325.45	0.75	1,254,966.08	0.75	0.13
14913R2C0	CATERPILLAR FINL	1.450	05/15/2025		A	A2	500,000.00	512,230.00	0.30	501,672.06	0.30	3.29
Issuer total							**1,750,000.00**	**1,772,555.45**	**1.05**	**1,756,638.14**	**1.06**	**1.04**
Walmart Inc												
931142ES8	WALMART INC 1.5%	1.500	09/22/2028	07/22/2028	AA	Aa2	1,675,000.00	1,673,224.50	1.00	1,666,140.84	1.00	6.34
Issuer total							**1,675,000.00**	**1,673,224.50**	**1.00**	**1,666,140.84**	**1.00**	**6.34**
3M Co												
88579YBE0	3M COMPANY FRN	0.456	02/14/2024		A+	A1	1,615,000.00	1,624,027.85	0.97	1,611,766.11	0.97	0.13
Issuer total							**1,615,000.00**	**1,624,027.85**	**0.97**	**1,611,766.11**	**0.97**	**0.13**
Simon Property Group LP												
828807CR6	SIMON PROPERTY GROUP	3.750	02/01/2024	11/01/2023	A-	A3	250,000.00	267,310.00	0.16	261,780.62	0.16	1.79

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Simon Property Group LP												
828807DG9	SIMON PROPERTY GROUP	2.000	09/13/2024	06/13/2024	A-	A3	785,000.00	805,763.25	0.48	799,115.04	0.48	2.49
828807CV7	SIMON PROPERTY GROUP	3.500	09/01/2025	06/01/2025	A-	A3	500,000.00	548,290.00	0.33	533,086.48	0.32	3.27
Issuer total							1,535,000.00	1,621,363.25	0.96	1,593,982.14	0.96	2.64
Freddie Mac Gold Pool												
3128MFBL1	FREDDIE MAC FG G16143	2.500	04/01/2027		AA+	Aaa	1,467,771.51	1,486,175.98	0.88	1,517,885.03	0.91	1.71
Issuer total							1,467,771.51	1,486,175.98	0.88	1,517,885.03	0.91	1.71
ING Groep NV												
456837AX1	ING GROEP NV FRN	1.059	04/01/2027	04/01/2026	A-	Baa1	1,500,000.00	1,517,510.52	0.90	1,513,307.21	0.91	0.20
Issuer total							1,500,000.00	1,517,510.52	0.90	1,513,307.21	0.91	0.20
Chevron USA Inc												
166756AK2	CHEVRON USA INC FRN	0.354	08/11/2023		AA-	Aa2	1,495,000.00	1,495,000.00	0.89	1,494,252.13	0.90	0.12
Issuer total							1,495,000.00	1,495,000.00	0.89	1,494,252.13	0.90	0.12
Consumers Energy Co												
210518CW4	CONSUMERS ENERGY CO	3.125	08/31/2024	05/31/2024	A	A1	1,385,000.00	1,450,122.70	0.86	1,442,145.94	0.87	2.37
Issuer total							1,385,000.00	1,450,122.70	0.86	1,442,145.94	0.87	2.37
Mitsubishi UFJ Financial Group Inc												
606822AT1	MITSUBISHI UFJ FIN GRP	3.455	03/02/2023		A-	A1	1,400,000.00	1,450,544.00	0.86	1,441,831.36	0.87	1.14
Issuer total							1,400,000.00	1,450,544.00	0.86	1,441,831.36	0.87	1.14
Oncor Electric Delivery Co LLC												
68233JBM5	ONCOR ELECTRIC	2.750	06/01/2024	05/01/2024	A+	A2	1,385,000.00	1,421,882.55	0.85	1,435,883.97	0.86	2.28
Issuer total							1,385,000.00	1,421,882.55	0.85	1,435,883.97	0.86	2.28

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ViacomCBS Inc												
92556HAA5	VIACOMCBS INC 4.75%	4.750	05/15/2025	04/15/2025	BBB	Baa2	1,275,000.00	1,471,796.25	0.88	1,398,803.05	0.84	3.07
Issuer total							**1,275,000.00**	**1,471,796.25**	**0.88**	**1,398,803.05**	**0.84**	**3.07**
Deere & Co												
244199BH7	DEERE & COMPANY 2.75%	2.750	04/15/2025	03/15/2025	A	A2	1,250,000.00	1,248,300.00	0.74	1,306,311.04	0.79	3.09
Issuer total							**1,250,000.00**	**1,248,300.00**	**0.74**	**1,306,311.04**	**0.79**	**3.09**
Fannie Mae REMICS												
3136B9V53	FANNIE MAE FNR 2020-37	1.500	06/25/2035		AA+	Aaa	653,464.60	663,164.46	0.39	647,828.99	0.39	3.41
3136A5QR0	FANNIE MAE FNR 2012-33	2.000	05/25/2041		AA+	Aaa	639,729.18	653,123.51	0.39	649,909.45	0.39	1.46
Issuer total							**1,293,193.78**	**1,316,287.97**	**0.78**	**1,297,738.44**	**0.78**	**2.44**
Freddie Mac Pool												
3131XBNE5	FREDDIE MAC FR ZK7589	2.500	12/01/2028		AA+	Aaa	1,249,001.86	1,306,768.18	0.78	1,291,554.34	0.78	2.14
Issuer total							**1,249,001.86**	**1,306,768.18**	**0.78**	**1,291,554.34**	**0.78**	**2.14**
Westpac Banking Corp												
961214EA7	WESTPAC BANKING CORP	0.876	05/15/2023		AA-	Aa3	1,250,000.00	1,262,262.50	0.75	1,259,364.76	0.76	0.13
Issuer total							**1,250,000.00**	**1,262,262.50**	**0.75**	**1,259,364.76**	**0.76**	**0.13**
American International Group Inc												
026874DD6	AMERICAN INTL GROUP	3.750	07/10/2025	04/10/2025	BBB+	Baa2	1,115,000.00	1,189,716.15	0.71	1,193,556.91	0.72	3.11
Issuer total							**1,115,000.00**	**1,189,716.15**	**0.71**	**1,193,556.91**	**0.72**	**3.11**
World Omni Auto Receivables Trust 2019-C												
98162RAD0	WORLD OMNI AUTO	1.960	12/16/2024		AAA	NR	1,135,537.69	1,135,452.18	0.68	1,143,484.30	0.69	0.73
Issuer total							**1,135,537.69**	**1,135,452.18**	**0.68**	**1,143,484.30**	**0.69**	**0.73**

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Apple Inc												
037833DM9	APPLE INC 1.8%	1.800	09/11/2024	08/11/2024	AA+	Aaa	500,000.00	518,870.00	0.31	511,039.51	0.31	2.58
037833CJ7	APPLE INC 3.35%	3.350	02/09/2027	11/09/2026	AA+	Aaa	475,000.00	536,284.50	0.32	515,824.02	0.31	4.54
Issuer total							**975,000.00**	**1,055,154.50**	**0.63**	**1,026,863.53**	**0.62**	**3.58**
Toyota Auto Receivables 2021-B Owner Trust												
89190GAC1	TOYOTA AUTO	0.260	11/17/2025		AAA	NR	1,012,000.00	1,011,891.01	0.60	1,002,233.29	0.60	1.63
Issuer total							**1,012,000.00**	**1,011,891.01**	**0.60**	**1,002,233.29**	**0.60**	**1.63**
Cooperatieve Rabobank UA/NY												
21688AAR3	COOPERAT RABOBANK	0.349	01/12/2024		A+	Aa2	1,000,000.00	1,002,370.00	0.60	999,326.20	0.60	0.02
Issuer total							**1,000,000.00**	**1,002,370.00**	**0.60**	**999,326.20**	**0.60**	**0.02**
Oracle Corp												
68389XBC8	ORACLE CORP 2.95%	2.950	05/15/2025		BBB+	Baa2	950,000.00	1,033,343.50	0.61	986,749.79	0.59	3.07
Issuer total							**950,000.00**	**1,033,343.50**	**0.61**	**986,749.79**	**0.59**	**3.07**
Honda Auto Receivables 2021-2 Owner Trust												
43811JAC1	HONDA AUTO	0.330	08/15/2025		AAA	Aaa	991,000.00	990,961.35	0.59	982,031.75	0.59	1.52
Issuer total							**991,000.00**	**990,961.35**	**0.59**	**982,031.75**	**0.59**	**1.52**
Delmarva Power & Light Co												
247109BS9	DELMARVA PWR & LIGHT	3.500	11/15/2023	08/15/2023	A	A2	925,000.00	973,081.50	0.58	962,444.05	0.58	1.61
Issuer total							**925,000.00**	**973,081.50**	**0.58**	**962,444.05**	**0.58**	**1.61**
Tennessee Valley Authority Principal Strip												
88059FAV3	TVA PRIN STRIP 0%	0.000	11/01/2025		AA+	Aaa	1,000,000.00	963,716.29	0.57	947,958.27	0.57	3.84
Issuer total							**1,000,000.00**	**963,716.29**	**0.57**	**947,958.27**	**0.57**	**3.84**

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CNH Equipment Trust 2019-B												
12596TAC5	CNH EQUIPMENT TRUST	2.520	08/15/2024		AAA	NR	907,404.86	916,762.46	0.55	914,317.11	0.55	0.48
Issuer total							**907,404.86**	**916,762.46**	**0.55**	**914,317.11**	**0.55**	**0.48**
Toyota Auto Receivables 2019-D Owner Trust												
89233MAE3	TOYOTA AUTO	1.990	02/18/2025		AAA	Aaa	891,000.00	890,804.07	0.53	905,622.91	0.54	1.35
Issuer total							**891,000.00**	**890,804.07**	**0.53**	**905,622.91**	**0.54**	**1.35**
Verizon Communications Inc												
92343VDY7	VERIZON	4.125	03/16/2027		BBB+	Baa1	725,000.00	805,569.25	0.48	805,871.80	0.48	4.70
Issuer total							**725,000.00**	**805,569.25**	**0.48**	**805,871.80**	**0.48**	**4.70**
Microsoft Corp												
594918BJ2	MICROSOFT CORP 3.125%	3.125	11/03/2025	08/03/2025	AAA	Aaa	750,000.00	822,442.50	0.49	800,412.05	0.48	3.47
Issuer total							**750,000.00**	**822,442.50**	**0.49**	**800,412.05**	**0.48**	**3.47**
AbbVie Inc												
00287YAQ2	ABBVIE INC 3.6%	3.600	05/14/2025	02/14/2025	BBB+	Baa2	750,000.00	832,395.00	0.50	797,783.23	0.48	3.02
Issuer total							**750,000.00**	**832,395.00**	**0.50**	**797,783.23**	**0.48**	**3.02**
Unilever Capital Corp												
904764AY3	UNILEVER CAPITAL CORP	2.900	05/05/2027	02/05/2027	A+	A1	750,000.00	833,227.50	0.50	795,512.06	0.48	4.84
Issuer total							**750,000.00**	**833,227.50**	**0.50**	**795,512.06**	**0.48**	**4.84**
Government National Mortgage Association												
38382E5P8	GOVERNMENT NATIONAL	1.000	05/20/2035		AA+	Aaa	794,946.13	804,634.54	0.48	785,715.85	0.47	2.73
Issuer total							**794,946.13**	**804,634.54**	**0.48**	**785,715.85**	**0.47**	**2.73**

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2021

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
MidAmerican Energy Co												
595620AK1	MIDAMERICAN ENERGY CO	3.700	09/15/2023	06/15/2023	A+	Aa2	730,000.00	767,930.80	0.46	758,397.33	0.46	1.42
Issuer total							**730,000.00**	**767,930.80**	**0.46**	**758,397.33**	**0.46**	**1.42**
Mercedes-Benz Auto Receivables Trust 2021-1												
58772WAC7	MERCEDES-BENZ AUTO	0.460	06/15/2026		AAA	Aaa	720,000.00	719,905.82	0.43	711,640.30	0.43	2.09
Issuer total							**720,000.00**	**719,905.82**	**0.43**	**711,640.30**	**0.43**	**2.09**
Cash and Cash Equivalents												
	INVESTED CASH	0.000					658,866.92	658,866.92	0.00	658,866.92	0.40	0.00
Issuer total							**658,866.92**	**658,866.92**	**0.00**	**658,866.92**	**0.40**	**0.00**
Wells Fargo & Co												
95000U2N2	WELLS FARGO &	2.188	04/30/2026	04/30/2025	BBB+	A1	625,000.00	652,400.00	0.39	636,307.32	0.38	3.20
Issuer total							**625,000.00**	**652,400.00**	**0.39**	**636,307.32**	**0.38**	**3.20**
Home Depot Inc/The												
437076BK7	HOME DEPOT INC 3.35%	3.350	09/15/2025	06/15/2025	A	A2	590,000.00	646,297.80	0.38	630,121.73	0.38	3.32
Issuer total							**590,000.00**	**646,297.80**	**0.38**	**630,121.73**	**0.38**	**3.32**
Anheuser-Busch Cos LLC / Anheuser-Busch InBev Worldwide												
03522AAG5	ANHEUSER-BUSCH	3.650	02/01/2026	11/01/2025	BBB+	Baa1	500,000.00	562,255.00	0.33	537,080.64	0.32	3.62
Issuer total							**500,000.00**	**562,255.00**	**0.33**	**537,080.64**	**0.32**	**3.62**
Hyundai Auto Receivables Trust 2021-A												
44933LAC7	HYUNDAI AUTO	0.380	09/15/2025		AAA	NR	538,000.00	537,943.40	0.32	533,983.61	0.32	1.57
Issuer total							**538,000.00**	**537,943.40**	**0.32**	**533,983.61**	**0.32**	**1.57**

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

As of December 31, 2021

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
CNH Equipment Trust 2021-C												
12598LAB2	CNH EQUIPMENT TRUST	0.330	01/15/2025		AAA	Aaa	378,378.00	378,349.96	0.23	377,604.67	0.23	1.35
Issuer total							**378,378.00**	**378,349.96**	**0.23**	**377,604.67**	**0.23**	**1.35**
John Deere Owner Trust 2019-B												
477870AC3	JOHN DEERE OWNER	2.210	12/15/2023		NR	Aaa	368,636.49	369,774.08	0.22	371,064.62	0.22	0.41
Issuer total							**368,636.49**	**369,774.08**	**0.22**	**371,064.62**	**0.22**	**0.41**
Florida Power & Light Co												
341081FZ5	FLORIDA POWER & LIGHT	2.850	04/01/2025	03/01/2025	A+	Aa2	347,000.00	346,646.06	0.21	362,490.65	0.22	3.05
Issuer total							**347,000.00**	**346,646.06**	**0.21**	**362,490.65**	**0.22**	**3.05**
Mercedes-Benz Auto Lease Trust 2019-B												
58769QAC5	MERCEDES-BENZ AUTO	2.000	10/17/2022		AAA	NR	245,614.50	245,575.45	0.15	246,046.44	0.15	0.12
Issuer total							**245,614.50**	**245,575.45**	**0.15**	**246,046.44**	**0.15**	**0.12**
Grand total							163,331,752.64	168,100,620.02	100.00	166,378,439.04	100.00	2.52

Appendix

Biographies

Jason Celente, CFA, CTP, Senior Portfolio Manager

Jason joined Insight in 1997 (via predecessor company, Cutwater Asset Management). He is a senior portfolio manager overseeing short duration and customized investment strategies for Insight's public sector group. Prior to this, Jason was an investment accountant for Cutwater's asset-liability portfolios and short-term mutual funds. He has a BS degree from Colgate University and an MBA from the Stern School of Business at New York University. Jason holds Series 7 and 63 licenses from the Financial Industry Regulatory Authority (FINRA), is a CFA charterholder and holds the Certified Treasury Professional (CTP) designation from the Association for Financial Professionals.

David Witthohn, CFA, CIPM, Senior Portfolio Specialist

David joined Insight in 1997 (via predecessor company, Cutwater Asset Management) and has worked in the financial services industry since 1982. David's areas of expertise include portfolio management and statistical performance review. He has extensive years of experience in working with public entities on their investment portfolios and has additional experience in the areas of institutional mutual funds and bank portfolio management. He speaks frequently in the US on public funds asset management and is active in many public finance associations across the US. David holds a BA in Business Economics from the University of Pittsburgh and a Master of Science (MSF) in Finance from the University of Colorado. He is a CFA charterholder and also has the Certification for Investment Performance Measurement™ (CIPM).

Mary Donovan, CFA, Senior Portfolio Manager

Mary joined Insight in 1991 (via predecessor company, Cutwater Asset Management). She is a senior portfolio manager and has worked in the financial services industry since 1989. Mary has responsibilities for the public sector group strategy. Additionally, she monitors the credit markets and economic conditions daily to develop active portfolio management strategies consistent with each client's investment objectives and cash flow needs. Her areas of expertise include US Treasury and high-grade corporate securities and bond swap analytics. Mary is a past president of the Colorado Treasury Management Association. She speaks regularly in the US on public funds asset management and is active in many US public finance associations. She holds a BS degree from the University of Colorado and is a CFA charterholder.

Biographies

Robert Bayston, CFA, Head of US Government and Mortgage Portfolios

Robert joined Insight in September 2021 following the transition of Mellon Investments' fixed income strategies to Insight. He has been in the investment industry since 1991. Robert is the Head of US Government and Mortgage Portfolios for fixed income. He is responsible for managing portfolios which focus on US interest rates and inflation strategies. In addition to his portfolio management responsibilities, Robert manages an investment team with similar mandates and oversees the US agency MBS research effort. Prior to his current role, he held several positions in fixed income research and trading. Robert received a BS from the University of Virginia's McIntire School of Commerce and an MS in Finance from Boston College. He is a CFA charterholder and is a member of the CFA Institute and the CFA Society Boston.

Jenna Rivers, Head of Client Service, North America

Jenna joined Insight in June 2018 as Head of Client Service for the North America region responsible for the oversight of client service support provided to the firm's relationship management function. Prior to joining Insight, Jenna spent eight years at Schroder Investment Management North America Inc., as Head of Client Account Management, responsible for managing the client service team which covered US and Canadian institutional clients. Jenna started her career in financial services in 2007 at AG Morgan Financial as a financial advisor to high net worth individuals. Jenna graduated from Michigan State University with a BA in Finance. She also holds Series 6 and 63 licenses from the Financial Industry Regulatory Authority (FINRA) and is a NEC Canadian Registered Representative.

Matthew Logan, CFA, CAIA, Relationship Manager

Matthew is a Relationship Manager responsible for the delivery of exemplary service to a range of North American clients consisting of pension funds, insurance companies, financial institutions and other corporate investors. Matthew initially joined Insight in February 2017 as a client service specialist, working directly with the client directors and investment teams. Prior to Insight, Matthew spent three years at Allianz Global Investors as an assistant vice president within the client service team covering US financial institutions. He has also worked within relationship management at Merrill Lynch and as a portfolio management associate at Empire Asset Management Company. Matthew holds a BS degree in Business Economics from State University of New York, Oneonta, and is a CAIA charterholder. He also holds Series 7, 63 and 65 licenses from the Financial Industry Regulatory Authority (FINRA) and is a CFA charterholder.

Biographies

Bertha Lui-McKee, CPA, Senior Client Service Specialist

Bertha joined Insight's Client Service Team in January 2015, following BNY Mellon's acquisition of Cutwater Asset Management (Cutwater). As a senior client service specialist, she assists in the creation of a strong and robust client service platform in the US which will have the flexibility and ability to manage global service across the Insight product range. Bertha originally joined Cutwater in 1998 and has over 20 years of experience in the financial services industry. Since 2010, Bertha has been focused on client services, special projects and new product execution. She was also responsible for contract and RFP reviews. Prior to this role, Bertha structured and executed commercial paper and medium-term note transactions for Cutwater's asset-backed conduits. She also supervised the operations for MBIA's 11 funding vehicles. Bertha holds a BS degree in Finance and Accounting from New York University and is a Certified Public Accountant.

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Important disclosures

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Assets under management (AUM) represented by the value of the client's assets or liabilities Insight is asked to manage. These will primarily be the mark-to-market value of securities managed on behalf of clients, including collateral if applicable. Where a client mandate requires Insight to manage some or all of a client's liabilities (e.g. LDI strategies), AUM will be equal to the value of the client specific liability benchmark and/or the notional value of other risk exposure through the use of derivatives. Regulatory assets under management without exposures can be provided upon request.

Unless otherwise specified, the performance shown herein is that of Insight Investment (for Global Investment Performance Standards (GIPS), the 'firm') and not specifically of Insight North America. A copy of the GIPS composite disclosure page is available upon request.

Past performance is not a guide to future performance, which will vary. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes). Future returns are not guaranteed and a loss of principal may occur.

All performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios that they manage and these fees will reduce the returns on the portfolios. For example, assume that $30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to $38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be $38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV. A full description of INA's advisory fees are described in Part 2A of Form ADV available from INA at www.adviserinfo.sec.gov.

Targeted returns intend to demonstrate that the strategy is managed in such a manner as to seek to achieve the target return over a normal market cycle based on what Insight has observed in the market, generally, over the course of an investment cycle. In no circumstances should the targeted returns be regarded as a representation, warranty or prediction that the specific deal will reflect any particular performance or that it will achieve or is likely to achieve any particular result or that investors will be able to avoid losses, including total losses of their investment.

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RISK MANAGEMENT FOR CBJ, BRH, AND JSD

Assembly Finance Committee
02/02/2022

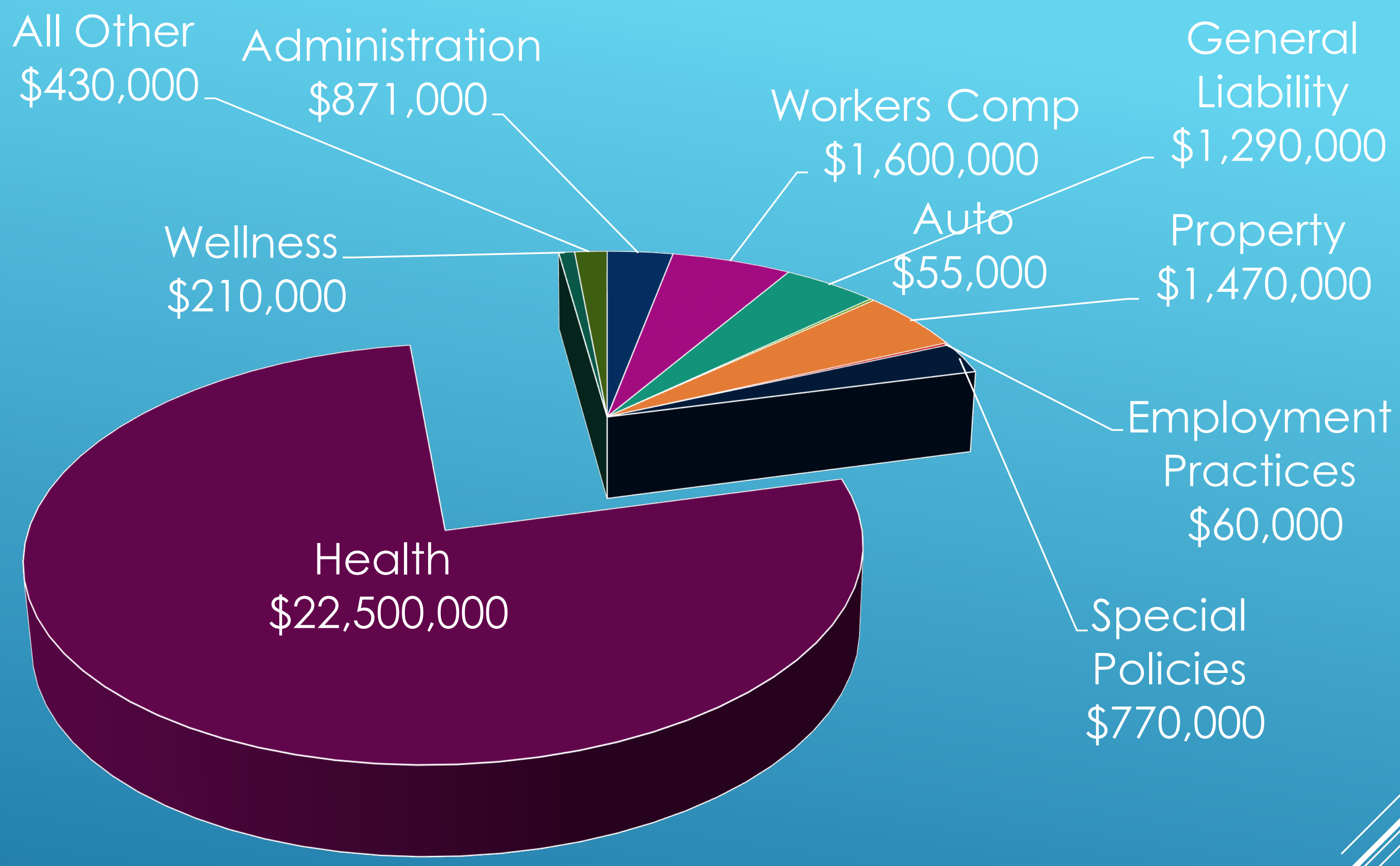
SELF-INSURED

- Health Benefits
- General and Auto Liability, Employment Practices
- Workers Compensation

FULLY INSURED

- Property (sort of) - $500,000 deductible
- Special Policies: Airport, Docks and Harbors, BRH, Eaglecrest, CCFR

INSURANCE PROGRAM OVERVIEW

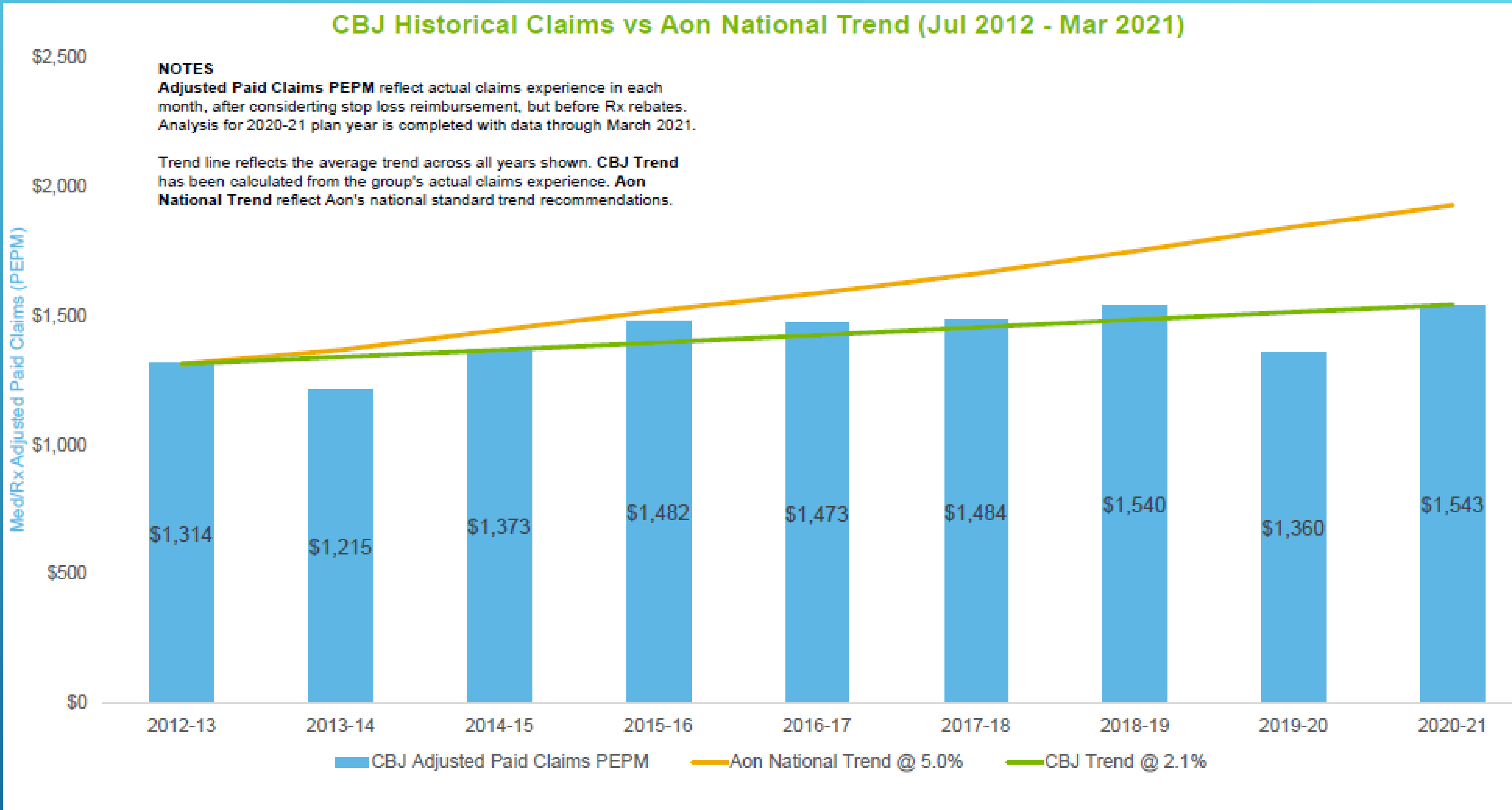


FY22 Risk Fund Budgeted Expenditures (Rounded)

Self-insured plan

- $22.5M FY22 budgeted expenditures
  - ~$21.5M or 95.6% is health and dental coverage + stoploss
- Covers ~1080 CBJ, BRH, and some JSD benefited employees/~2535 covered lives
- Health self-insured fund covers actual claims costs + administrative fee, consultants, and stop loss insurance
- Self-insured Retention (per claim) - $250,000
- Premera BCBS of Alaska administers the plan

HEALTH BENEFITS PROGRAM



CBJ HEALTH CLAIMS TREND

Top 5 Conditions, Sept 2019 – Aug 2020

Condition	Patients	Prevalence*	Norm	Medical + Rx Paid $	Rx Cost %	Last Year Comparison
1. Cardiovascular Disease	374	12.6%	14.5%	$1.2M	3.7%	Up from 8 ($598K)
2. Neonatology	35	1.2%	0.9%	$1.1M	0.0%	Up from 19 ($314K)
3. Joint Degeneration	318	10.7%	9.4%	$1.1M	4.9%	Down from 2 ($1.4M)
4. Psychiatry	645	21.7%	19.2%	$1.1M	12.3%	Up from 5 ($685K)
5. Pregnancy	65	2.2%	1.9%	$1.0M	0.8%	Down from 4 ($811K)

2.1% of our members drove 48.3% of our costs

Source: Premera's Feb 2021 Knowledge Management Report

PRIMARY HEALTH CARE COST DRIVERS

- Ongoing communication with Premera and Aon (benefits consultant) to search for cost saving opportunities
- Self-insured plan – allows more control, flexibility, and creativity
- Promoting medical consumerism, educating our members
- Wellness Program - promoting healthier lifestyles and focusing on highest cost drivers

HEALTH BENEFITS COST CONTAINMENT EFFORTS

The goal of the wellness program is to:

- Provide services that will assist employees to lead healthier lives
- Promote well-being & avoid illnesses and injuries
- Improve productivity and morale in the workplace

The Wellness Coordinator works directly with CBJ, BRH and a small group of JSD employees by providing wellness activities, educational sessions & assessments

WELLNESS PROGRAM

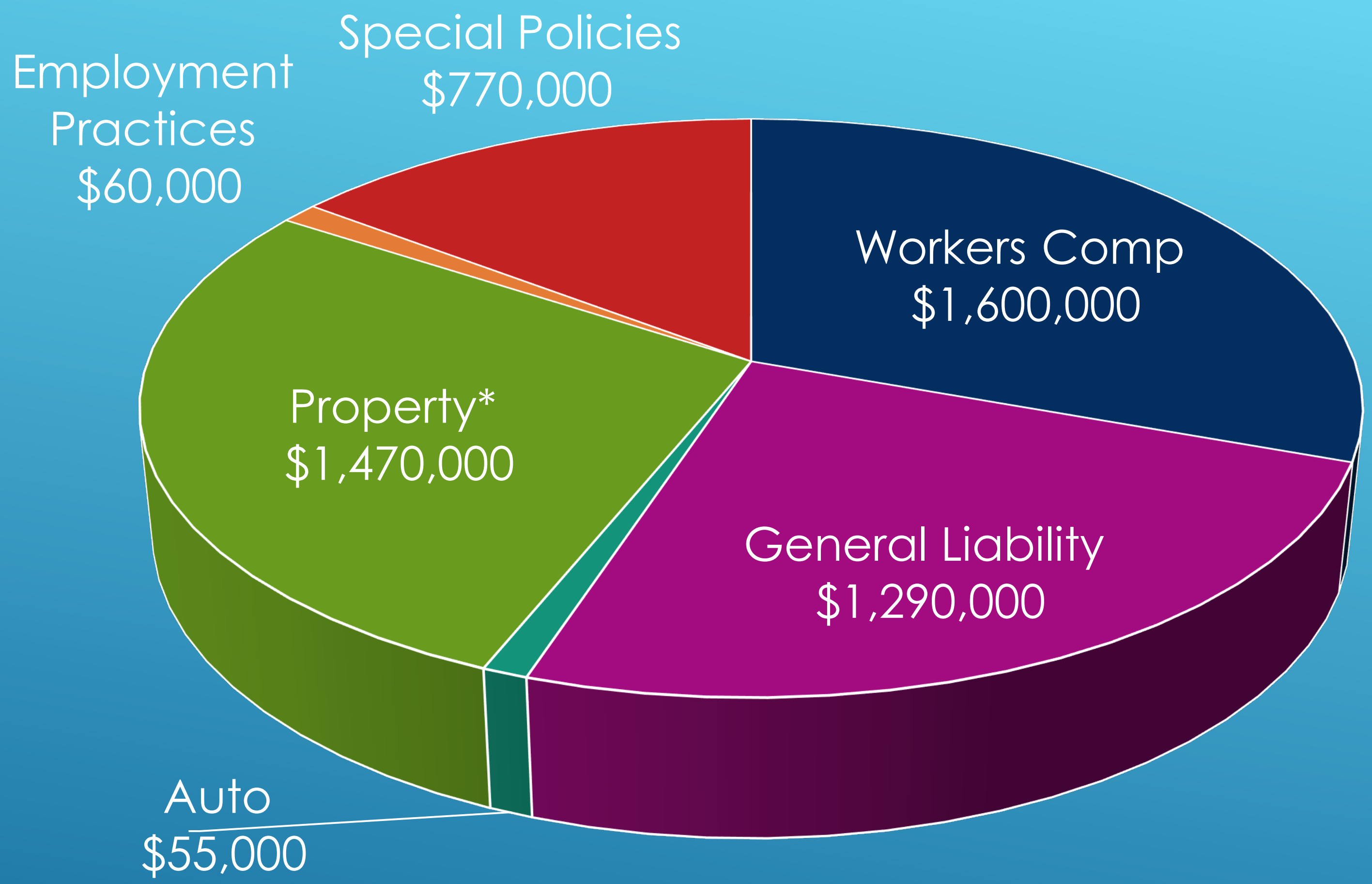
PROPERTY/CASUALTY PROGRAM CBJ, BRH, JSD

SELF-INSURED

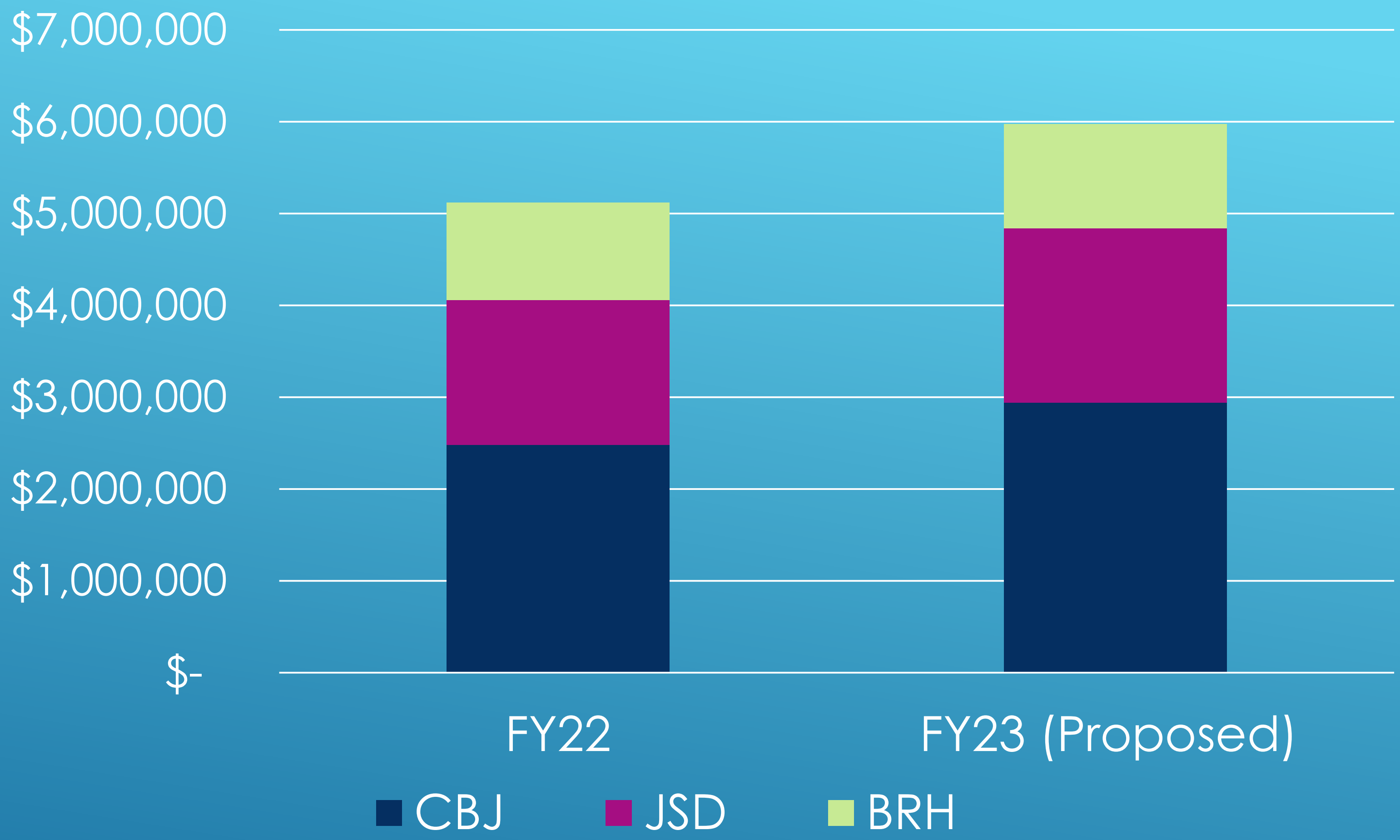
- General and Auto Liability, Employment Practices
- Workers Compensation

FULLY INSURED

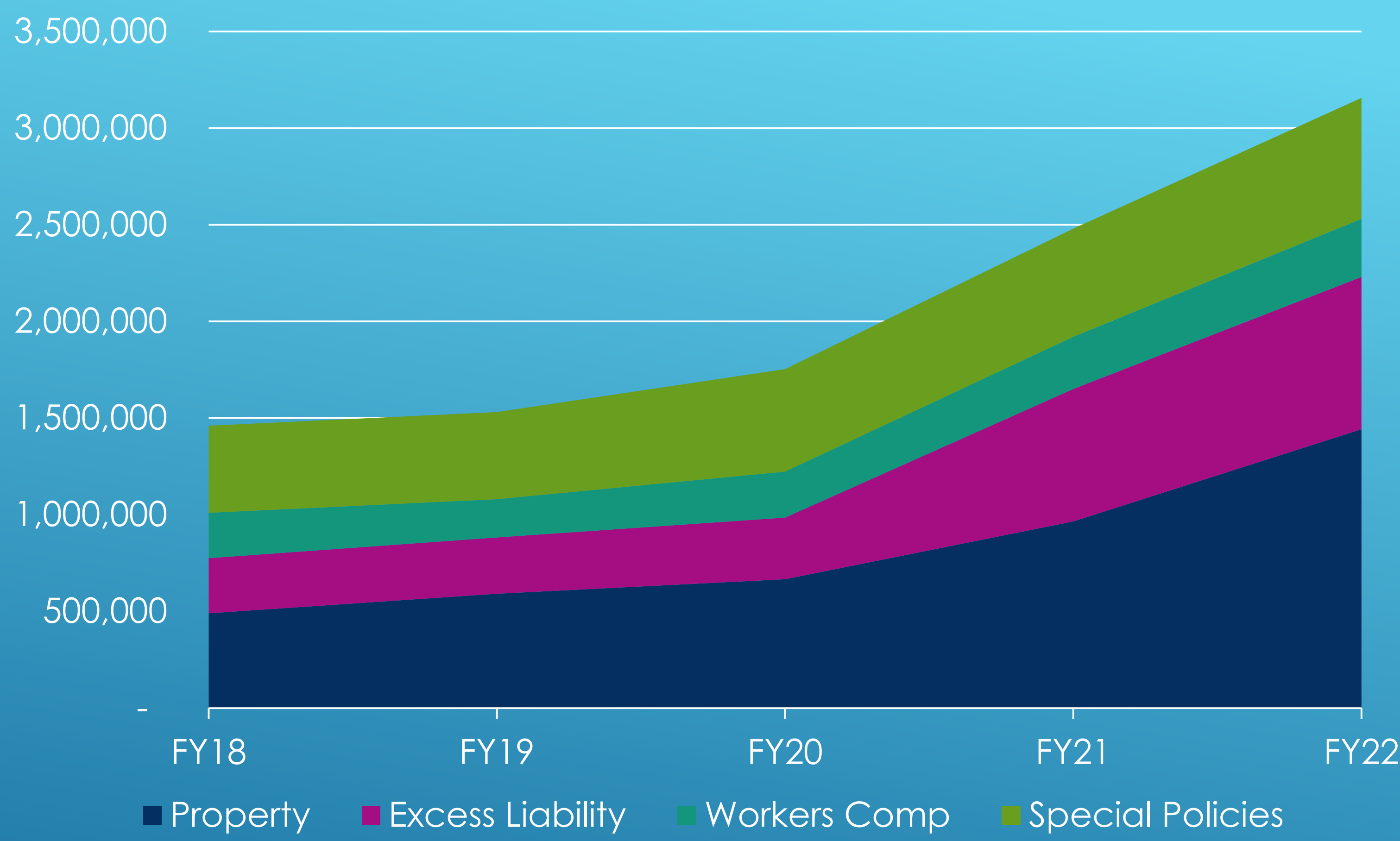
- Special Policies: Airport, Docks and Harbors, BRH, Eaglecrest, CCFR
- Property (technically) with a $500,000 deductible



PROPERTY/CASUALTY PROGRAM FY22 BUDGETED EXPENDITURES

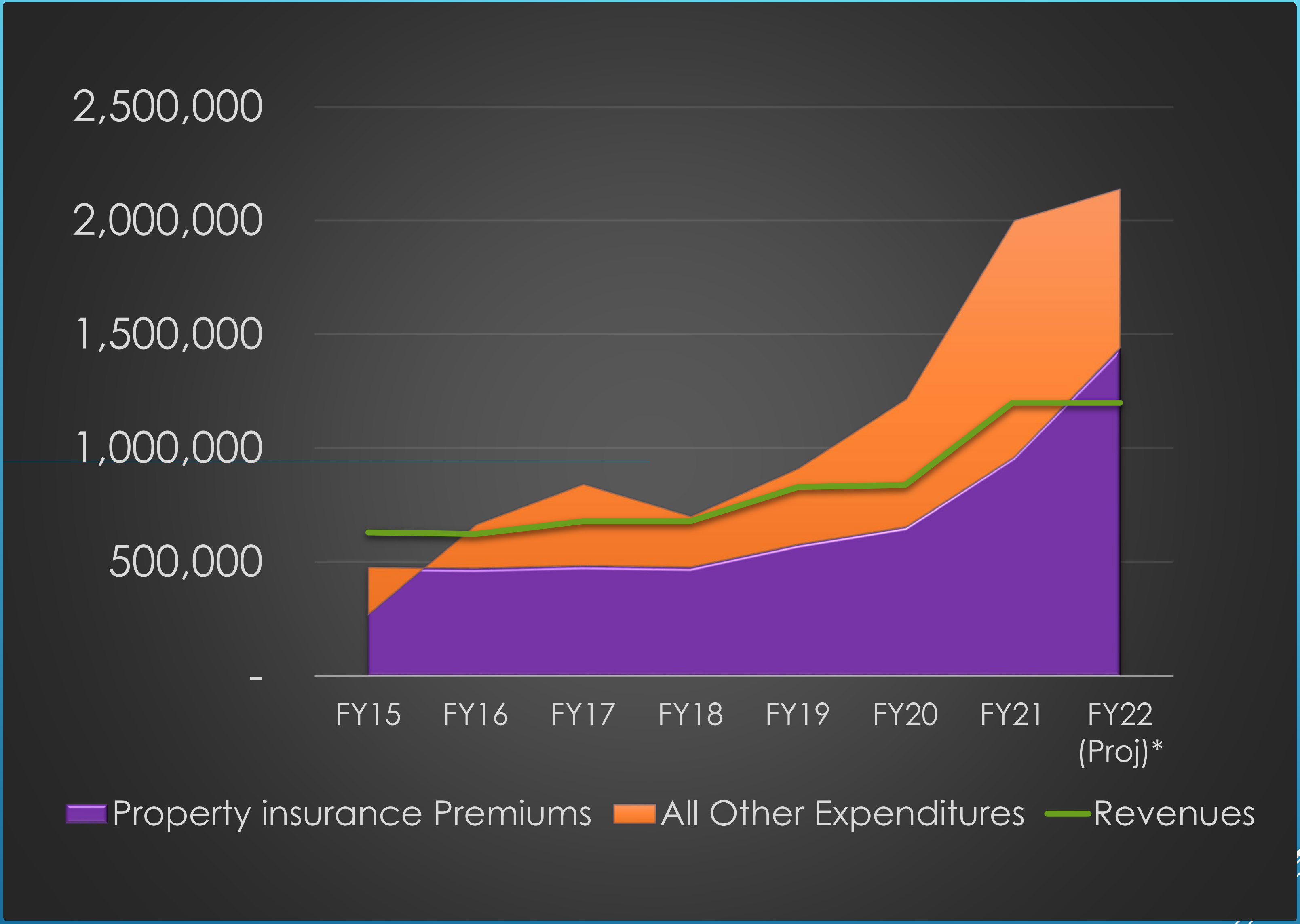


PROPERTY/CASUALTY PROGRAM FY22 AND PROPOSED FY23 REVENUES



Property and Excess Liability premiums have seen premium increases of 194% and 175% over last 5 years.

PROPERTY/CASUALTY PROGRAM INSURANCE PREMIUM TRENDS



PROPERTY INSURANCE PROGRAM

LARGE CLAIM HISTORY*

- 11 Claims have exceeded $100,000 since FY15
- $5 Million incurred damage
- $1.15 Million paid by property fund

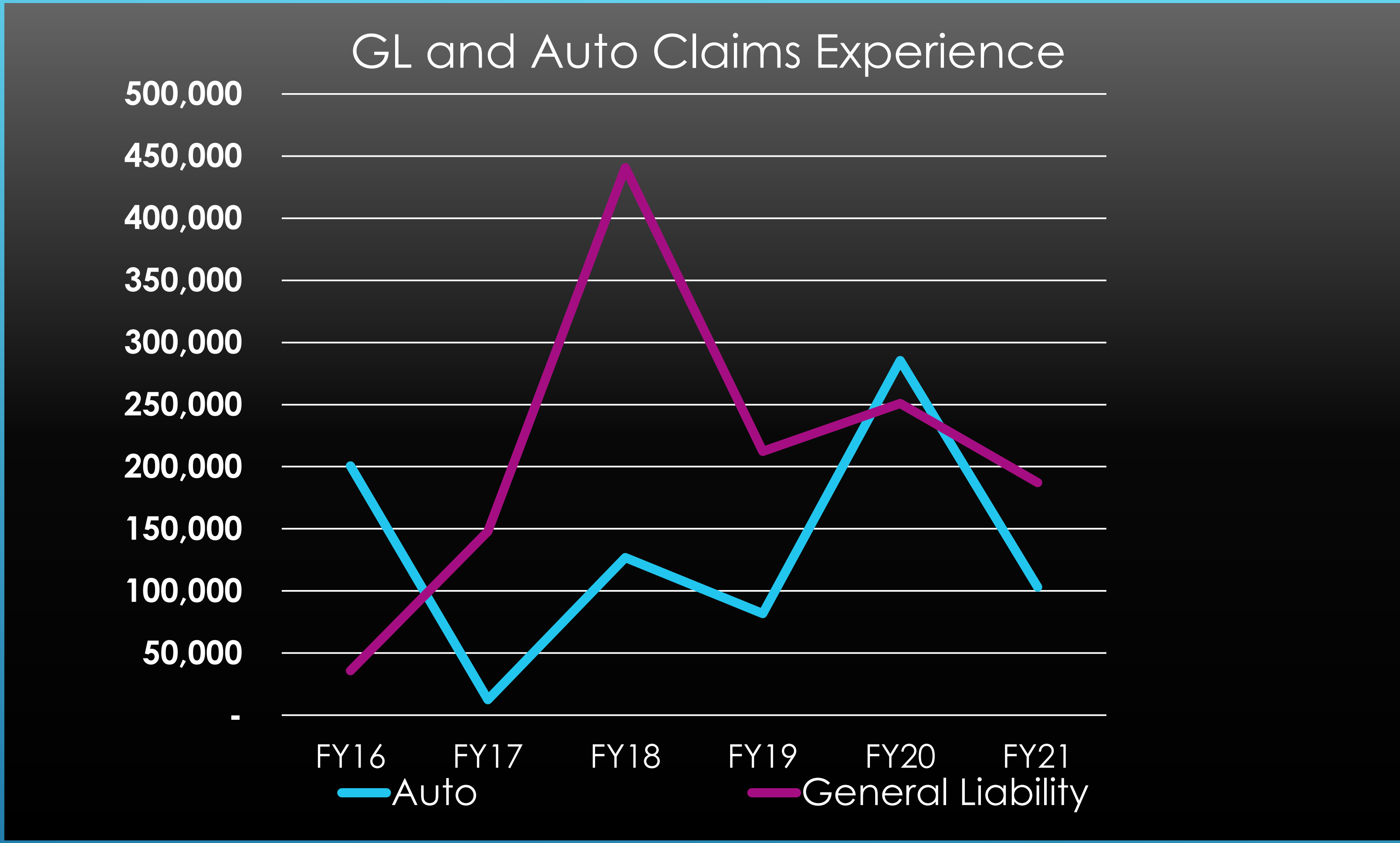
IF DEDUCTIBLE HAD BEEN $500K

- **$2.8 million would have been paid by Property fund (1.65 million more)**

*Doesn’t include December 2020 storm damage, which includes a small amount ($250,000) of coverage after $100,000 deductible.

Riverbend Elementary (January 2022) pipe burst
First claim >$500k since deductible increased for FY22

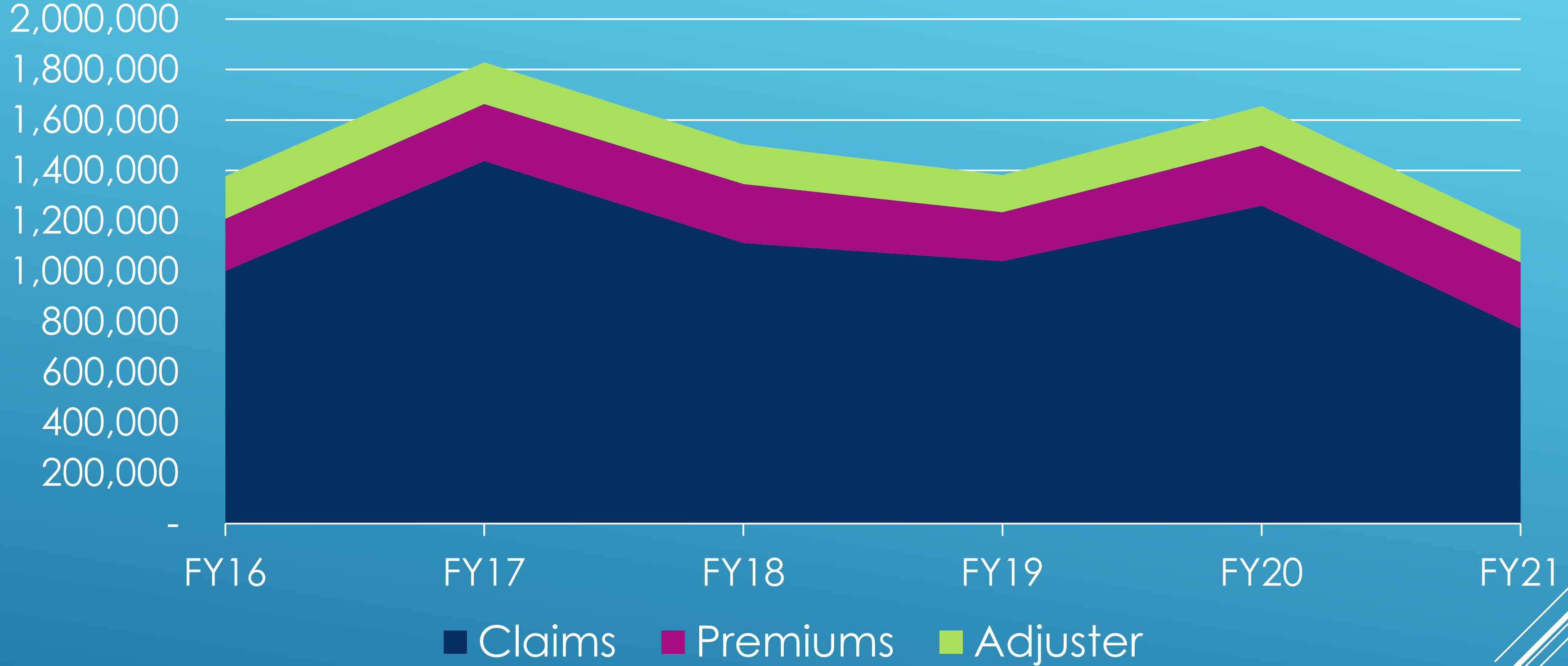
PROPERTY INSURANCE IMPACT OF $500K DEDUCTIBLE



#'s represent amounts ***after*** insurance and subrogation reimbursements.

GENERAL AND AUTO LIABILITY $250,000 SIR

WORKERS COMPENSATION
SELF-INSURED RETENTION: $1.25 MILLION



Self-Insured Retention: $1.25M

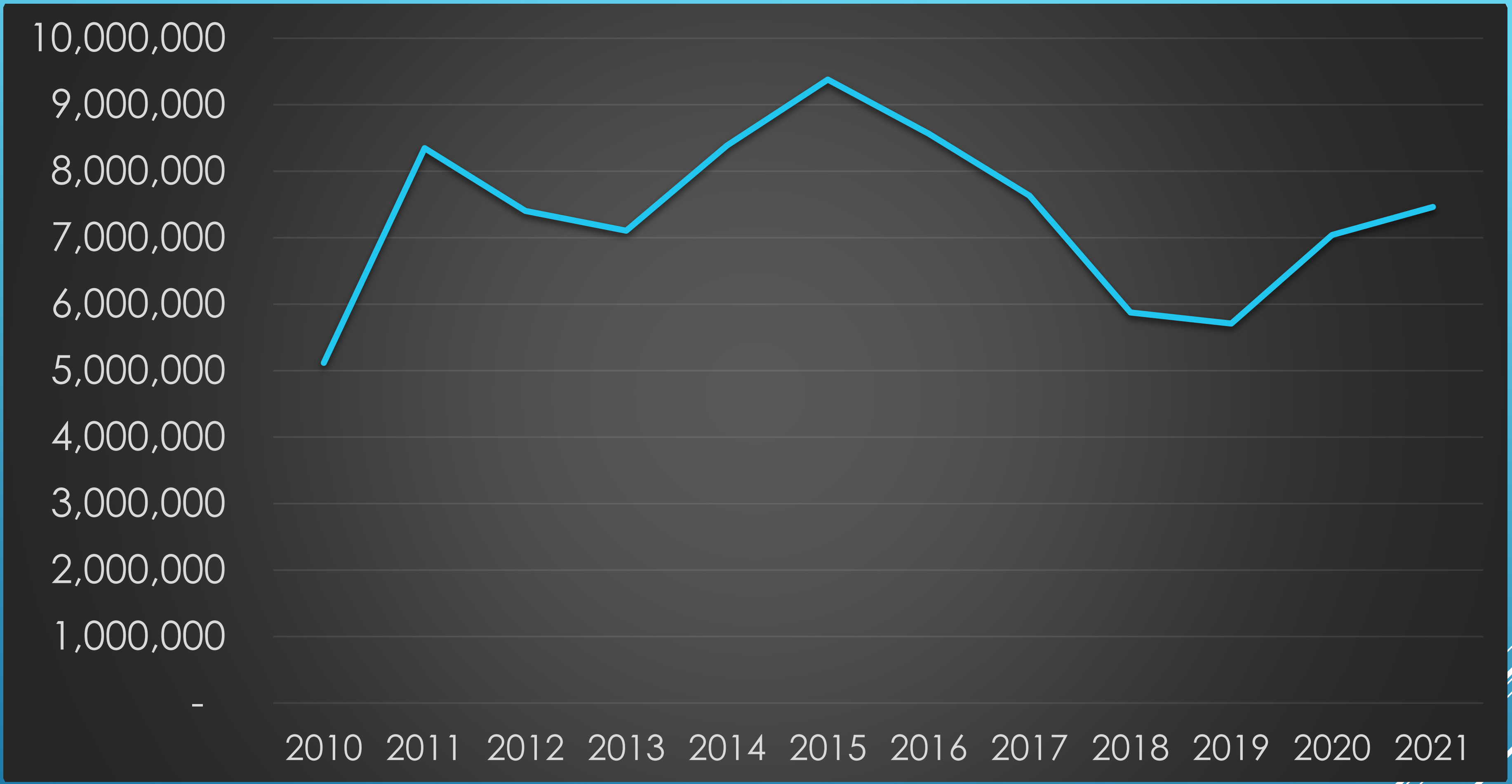
Concerns:

- Rising medical costs
- Volatile – expenses can vary greatly in any given year
- Larger claims can grow over many years

Keys to reducing program expenses:

- Comprehensive safety management program
- Joint CBJ, BRH, and JSD Safety Committees –promoting communication and sharing of resources between entities – breaking down silos
- Greater emphasis on return to work/light duty programs
- Working closely with Third Party Adjuster to manage costs

WORKERS COMPENSATION



RISK FUND BALANCE SINCE 2010

CYBER LIABILITY

Current Coverage:

- $2 million annual aggregate
- Part of Property Insurance Program, so shared with pool of insureds
- Program annual aggregate: $40 million

Challenges:

- Excess $2 million policy available for 275% premium increase and additional security requirements
- Looking for another excess coverage solution
- FY23 coverage contingent on many network security protocols in place

QUESTIONS?

MEMORANDUM

CITY AND BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

105 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

DATE: February 2, 2022

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **Amending Real Property Sale Price Disclosure**

On May 28, 2021 the Assembly Finance Committee received an update on the mandatory disclosure of real estate prices. That update indicated that there was significant noncompliance with Ordinance 2020-47(am) which required sales prices to be confidentially disclosed to the Assessor, now codified as CBJ 15.05.105. This memo follows on that one, with new additional information.

Confidentiality of Disclosures

On November 24, 2021 the Assembly received a letter from the Greater Juneau Chamber of Commerce requesting that the Assembly consider repealing the disclosure requirement and modifying the overall assessment process. Particularly, that letter takes issue with the confidentiality provision of CBJ 15.05.105(c). The letter asserts "Sales price transparency would go a long way toward reducing the considerable number of appeals with which the assessor is currently confronted." The Finance Department agrees. While we do not agree with other assertions made in the letter, the Finance Department concurs with the Chamber's argument that confidential disclosure makes the process less transparent to property owners and appellants. Prior to this confidentiality provision, the Assessor was able to fully and transparently disclose the sale prices that comprised a ratio study. Now, however, the Assessor is often forced to say "I'm sorry, the underlying sales prices in the ratio study are confidential." This has indeed created an air of mistrust, and it perpetuates a feeling that the Assessor's process is opaque.

Compliance with the Disclosure Requirement

As reported to the Assembly in May 2021, the new disclosure requirement has not significantly changed disclosure behavior—the Assessor continues to receive about the same number of disclosures as it did prior to the requirement. Since the new law came into effect, the Assessor has mailed disclosure letters to the buyers involved in 977 real estate transactions. Letters were not mailed when the transactions were clearly exempt from mandatory disclosure. To-date, the Assessor has received 447 responses to the buyer market letters. Of the 530 transactions for which the required disclosure has not been submitted by the buyer, they are aged as follows since the time that the transactions were recorded:

- Fewer than 30 days: 29
- 30 to 60 days: 55
- 60 to 90 days: 34
- More than 90 days: 412

Some Assemblymembers have inquired about alternatives to price disclosure, such as submission of an appraisal. The Finance Department would be happy receiving an appraisal in lieu of a price disclosure. The Assessor can glean a lot of useful information from an appraisal—namely the inclusion of comparable sales. Given the amount of information in appraisals, buyers may be even more reluctant to produce appraisals than simple price disclosures. But, the Finance Department would support such an allowance in the code.

The Finance Department maintains its May 2021 recommendation that the Assembly institute a daily civil fine to the buyer if the buyer has failed to disclose the price of real estate transaction within 90 days of recording.

Board of Equalization Rules of Procedure

The final comment in the Chamber's November letter is a recommendation that the Assembly codify Rules of Procedure for the Board of Equalization. The Finance Department concurs with this recommendation. Codified rules of procedure would give the Board, the Assessor, and the Appellant clear instructions for how the appeal process plays out. As of today, the Board relies on a 2013 memorandum authored by then City Attorney John Hartle. That memo generally describes the process the Board should apply when considering appeals. However, that memo allows the Board and the Board Chair significant latitude for how any individual hearing should be conducted. Remember, the Board of Equalization is nine members who sit in three-member panels and select their chair each hearing. Hence, defining the appeal hearing process in CBJ code would create predictability for all parties, irrespective of which Board Members and Chairs hear individual appeals at any given hearing.

Conclusion

I recommend that the Assembly introduce and set for public hearing the draft Ordinance 2022-13 which repeals the confidentiality provision of CBJ 15.05.105 and also institutes a $50/day penalty for failure to disclose sales prices with 90 days of recording.

Further, I recommend that the Assembly consider codifying the Board of Equalization Rules of Procedure after all 2021 appeals have been heard and decided by the current Board. Establishing new rules in the middle of the current process may be seen as unfair to 2021 appellants whose appeals have already been heard.

Presented by:
Presented:
Drafted by:

ORDINANCE OF THE CITY AND BOROGH OF JUNEAU, ALASKA

Serial No. 2022-13 vAFC1

An Ordinance Repealing the Confidentiality Provision for Real Estate Transaction Disclosures and Establishing a Penalty for Failure to Disclose a Real Estate Transaction.

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 15.05.105, Transaction disclosures, is amended as follows:

(a) *Disclosure requirement.* When a deed, contract, or other document transferring legal or equitable title to real property is presented for recording with the State of Alaska, the grantee shall provide the assessor with a statement under signed oath by the grantee or agent that discloses:

(1) The names of the grantor and grantee;

(2) The date of transfer;

(3) The date of sale;

(4) A legal description of the property transferred;

(5) The actual full amount paid or to be paid for the property;

(6) The terms of sale; and

(7) An estimate of the value of any personal property included in the sale.

(b) *Disclosure exemptions.* The disclosure required by subsection (a) does not apply to the following:

(1) An instrument that confirms, corrects, modifies or supplements a previously recorded instrument without added consideration;

(2) A transfer pursuant to mergers, consolidations, or reorganizations of business entities;

(3) A transfer by a subsidiary corporation to its parent corporation without actual consideration or in sole consideration of the cancellation or surrender of a subsidiary stock;

(4) A transfer that constitutes a gift of more than one-half of the actual value;

(5) A transfer with only nominal consideration between immediate family members. Immediate family members are defined as mother, father, brother, sister, son, daughter, spouse, grandparent, grandchild, brother- or sister-in-law, son- or daughter-in-law, father- or mother-in-law, stepfather, stepmother, stepsister, stepbrother, stepson, and stepdaughter;

(6) An instrument the effect of which is to transfer the property to the same party; or

(7) A sale for delinquent taxes or assessments, or a sale or a transfer pursuant to a foreclosure.

(c) Reserved. ~~*Disclosure confidentiality.* The disclosure required by subsection (a) is not a public record and shall be confidential except that the disclosure required by subsection (a) shall be provided to the property owner of record and authorized agents or may be published in any appeal related to the full and true value of the property. Nothing in this subsection prevents the assessor from compiling the disclosures to determine property assessments.~~

(d) Penalty. Any person required to disclose a property transfer under subsection 15.05.105(a) and who fails to file the disclosure with the assessor within 90 days of recording the transfer shall be subject to a civil fine as follows:

(1) $50.00 per day.

(2) Each day that a violation continues is a separate offense.

(3) Any undisclosed property transfer required to be disclosed by subsection 15.05.105(a) (Ordinance 2020-47(am), effective date Nov. 26, 2020) accrues penalties consistent with subsection 15.05.105(d) as of the effective date of Ordinance 2022-13.

Section 3. Amendment of Section. Section 03.30.070 Violations; civil fines, is amended by adding the following:

CBJ	Type of Violation	Civil Fine
15.05.105	**Real Estate Transaction Disclosure**	
15.05.105(d)	Failure to Disclose within 90 days	50.00

Section 4. Effective Date. This ordinance shall be effective 30 days after its adoption.

Adopted this ________ day of ________________________, 2022.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk

Greater Juneau Chamber of Commerce
9301 Glacier Hwy, Suite 110 • Juneau AK 99801 • (907)463-3488

November 24, 2021

Re: Repeal of (CBJ) Ordinance 15.05.105

Dear Mayor Weldon, and Members of the Assembly

We write to request that the Assembly repeal City and Borough of Juneau (CBJ) Ordinance 15.05.105 that keeps secret the sales prices of commercial properties used as comparable sales by the assessor in setting assessed values and does not appear to be resulting in sales data being provided the assessor.

Our conversations with commercial property owners show that one of their initial significant frustrations with their tax assessments was not being allowed to see the sales prices for the comparable sales. There is a list of fifty-three sales that took place between 2016 – 2021 that the assessor says were used as comparable. On September 30, 2021, the prices for all but three of these sales were disclosed.

When data for those sales that had occurred prior to November 26, 2020, were made available it turned out that thirteen or approximately 25% were over-assessed.[1] This is a significant percentage when one considers the fact that there are approximately 2000 commercial property owners in Juneau.

The assessor contends that 15.05.105(c) (effective November 26, 2020) protects the sales prices for sales occurring after the ordinance became effective. This means that sales prices reported to the assessor for 2021 will not be available to commercial property owners. This will again result in a sizable number of appeals. Sales price

[1] See page 2 Jeff Rogers August 27, 2021, Memorandum to the Assembly Finance Committee.

transparency would go a long way toward reducing the considerable number of appeals with which the assessor is currently confronted.

In previous years, a commercial property taxpayer would meet with the assessor and go through various methods to assess the property, including their sales prices. This gave the taxpayer and assessor a common set of facts from which to negotiate a fair assessment. Having a common set of facts gave the taxpayer an opportunity to explain what differentiated her/his property from the assessed arrived at by the method the assessor used, including sales prices used by the assessor.

This opportunity for discussion, compromise, and resolution has been taken away by CBJ Ordinance 15.05.105(c). Having only the assessor know the sales prices of the comparable sales she/he uses in setting tax assessments makes her/him "the high priest of the black box." It makes her/him unaccountable to the Board of Equalization, a reviewing court, the CBJ Assembly, or the public.

In addition to the problem created by lack of transparency, commercial property owners also question the methodology used by the Assessor's office – specifically the ratio study.

They also contend there are significance differences among properties depending on location, use, zoning, etc. Downtown tourist retail properties are different than Valley local retail businesses. Commercial office buildings in the Valley are different than apartments in West Juneau. Applying the same increase to both does not comport with the reality of the fair market value of the property being assessed. There is also concern regarding which properties were utilized by the Assessor before inputting into whatever model was used.

Mr. Rogers reports that the sales price disclosure required by CBJ Ordinance 15.05.105(a) is not working: "[T]he ordinance requiring disclosure of sales prices has not significantly changed behavior – the Assessor receives approximately the same number of disclosures today as they did before the law required them."[2]

The Chamber asks that the Assembly repeal CBJ Ordinance 15.05.105, obtain control over the CBJ's assessment methodology by hiring independent assessment experts to review and report on the specific methodology which should be used by the assessor, and give all commercial property owners – even

[2] *Id.*

those whose 2020 appeals have already been heard by the BOE – an opportunity for reevaluation pursuant to AS 29.45.150.[3]

Finally, it would do a world of good for all concerned, if the Assembly would write rules for BOE hearings focused on ensuring due process is provided, all relevant evidence is allowed to be presented, and the BOE and assessor proceed in the most expeditious and economical manner.

Respectfully,

Craig E. Dahl, Executive Director
Greater Juneau Chamber of Commerce

Wayne Jensen, President

[3] A systematic reevaluation of taxable real and personal property undertaken by the assessor, whether of specific areas in which real property is located or of specific classes of real or personal property to be assessed, shall be made only in accordance with a resolution or other act of the municipality directing a systematic reevaluation of all taxable property in the municipality over the shortest period of time practicable, as fixed in the resolution or act.

CBJ Law Department
MEMORANDUM

To: Board of Equalization

From: John W. Hartle, City Attorney

Subject: Board of Equalization: Standards and Procedures

Date: April 19, 2013

SUMMARY

(1) The Board of Equalization functions as a quasi-judicial body, which means that the Board has authority to hear and decide assessment appeals in a manner similar to a court, but less formal than a court.

(2) The burden of proof is on the appellant property owner.

(3) The Board should make specific findings in support of its decisions, and should base its decisions on the record.

(4) To grant an appeal, Board members should make a motion to grant the appeal and vote in the affirmative; to deny an appeal (that is, uphold the assessor's decision), Board members should make a motion to grant the appeal and vote in the negative. The Board may also grant an appeal and make an adjustment to the assessment different from that requested by the appellant.

(5) The assessment process, the Board's procedures and standards, and property taxation are all governed by Alaska Statute and CBJ Code. AS 29.45.190 - AS 29.45.210 provide the time for filing appeals, procedures before the Board, and the standards to be used by the Board in deciding appeals. The pertinent statutes and code sections are attached to this memorandum for your reference.

155 South Seward Street, Juneau AK 99801 907-586-5340(t) 586-1147(f) hartle@cbjlaw.com www.cbjlaw.com

DEADLINE FOR FILING APPEAL

In order to appeal an assessment, a taxpayer must file an appeal within 30 days after the date of mailing of the assessment notice. AS 29.45.190(b); CBJ 15.05.160(a). After this time period, the right of appeal ceases, unless the Board finds that the taxpayer was "unable" to comply with the 30-day filing requirement. The word "unable" as used in this section does not include situations where the taxpayer forgot about or overlooked the assessment notice, was out of town during the period for filing an appeal, or similar situations. Rather, it covers situations that are beyond the control of the taxpayer and, as a practical matter, prevent the taxpayer from recognizing what is at stake and dealing with it. Such situations would include a physical or mental disability serious enough to prevent the person from dealing rationally with his or her private affairs.

There are few situations in which a taxpayer is "unable" to comply with the requirement that an appeal be filed within 30 days of the date of mailing of the notice of assessment. It is common knowledge that real property is subject to assessment and taxation and it is the duty of every property owner to take such steps as are necessary to protect his or her interests in the property. One of the steps that courts generally assume a prudent property owner takes is to have someone either watch or manage the property while the property owner is away from the property for an extended period of time.

It is the responsibility of the property owner to assure that the taxing authority has the correct address to which notices relating to assessments and taxes on the property may be sent in order that the property owner will receive timely notice of assessments and tax levies affecting the property. Failure to receive an assessment notice because it was sent to an old address that the property owner had not corrected, or because the notice was sent to the property owner at the correct address but while the property owner was out of town, are not reasons that make the property owner "unable" to file a timely appeal.

With respect to an appeal filed after expiration of the 30-day appeal period, the Board should consider the oral and written evidence presented by the property owner on the question of whether or not the owner was "unable" to file the appeal within the required 30-day appeal period. If the property owner fails to prove that he or she was "unable" to file the appeal in a timely manner, there is no basis for hearing the appeal, even if the Board believes the assessment should be adjusted.

ASSESSMENTS THE BOARD CAN CONSIDER

The Board has authority to alter an assessment only when an appeal has been timely filed regarding the particular parcel. AS 29.45.200(b). The Board has no authority to alter the assessment of a parcel that is not before the Board on an appeal. Under state law, an appeal may be filed only by a person whose name appears on the assessment roll or the agent of that person. AS 29.45.190(a); CBJ 15.05.150.

If an appellant fails to appear at the hearing, the Board may proceed with the hearing in the absence of the appellant. AS 29.45.210(a); CBJ 15.05.190(b). The appellant may appear through an agent or representative, and may present written and/or oral testimony or other materials to the Board in support of the appeal.

BASIS FOR ADJUSTMENT AND ASSESSMENT

AS 29.45.210(b) and CBJ 15.05.190 expressly place the burden of proof on the party appealing the assessment. *CH Kelly Trust v. Municipality of Anchorage, Bd. of Equalization*, 909 P.2d 1381 (Alaska 1996) ("the burden is properly placed on the property owners in an assessment challenge"). Before the property owner is entitled to an adjustment, the property owner must prove, based on facts stated in the written appeal or presented at the hearing, that the property is the subject of unequal, excessive, improper, or under valuation. AS 29.45.210(b); CBJ 15.05.180(c). The appellant may present written evidence, oral testimony, and witnesses at the hearing.

Alaska courts do not disturb valuations set by the assessor if the differences between the appellant and the assessor are merely differences of opinion. Our court applies a "deferential standard of review" when considering an assessor's property valuations. *Cool Homes, Inc. v. Fairbanks N. Star Borough*, 860 P.2d 1248, 1262 (Alaska 1993); *Fairbanks N. Star Borough v. Golden Heart Utilities, Inc.*, 13 P.3d 263, 267 (Alaska 2000). "AS 29.45.210(b) requires that the taxpayer prove *facts* at the hearing. ... It is not enough merely to argue that the valuation was inadequate or demand a justification from the taxing authority." *Cool Homes, Inc., at 1263* (emphasis in original).

In *Twentieth Century Investment Co. v. City of Juneau*, 359 P.2d 783, 787 (Alaska 1961), the court, addressing assessment standards under former, similar law (AS 29.53.140), stated:

> The valuation and assessment of property for taxes does not contravene [constitutional principles] unless it is plainly demonstrated that there is

> involved, not the exercise of the taxing power, but the exertion of a different and forbidden power, such as the confiscation of property. *Such a demonstration is not made simply by showing overvaluation; there must be something which, in legal effect, is equivalent to an intention or fraudulent purpose to place an excessive valuation on property, and thus violate fundamental principles that safeguard the taxpayer's property rights.*

(Emphasis added.) The court went on to state, at 788:

> The City was not bound by any particular formula, rule or method, either by statute or otherwise. Its choice of one recognized method of valuation over another was simply the exercise of a discretion committed to it by law. Whether or not it exercised a wise judgment is not our concern. This court has nothing to do with complaints of that nature. It will not substitute its judgment for the judgment of those upon whom the law confers the authority and duty to assess and levy taxes. *This court is concerned with nothing less than fraud or the clear adoption of a fundamentally wrong principle of valuation.* Neither has been shown here. The actions of the assessor and the Board of Equalization are entirely compatible with a sincere effort to adopt valuations not relatively unjust or unequal; their determinations have not transgressed the bounds of honest judgment.

(Emphasis added.) This principle, that "taxing authorities are to be given broad discretion in selecting valuation methods," was reaffirmed in *CH Kelly Trust,* 909 P.2d at 1382, and *Golden Heart Utilities, Inc.*, 13 P.3d at 267 ("Provided the assessor has a reasonable basis for a valuation method, that method will be allowed 'so long as there was no fraud or clear adoption of a fundamentally wrong principle of valuation.' "). Similarly, in *Cool Homes, Inc.*, 860 P.2d at 1262, the court held:

> Taxing authorities are to be accorded broad discretion in deciding among recognized valuation methods. If a reasonable basis for the taxing agency's method exists, the taxpayer must show fraud or the 'clear adoption of a fundamentally wrong principle of valuation.'

Thus, the assessor's valuations should be given substantial weight by the Board, particularly where the appellant offers little more than unsupported opinion that the assessor's value is too high. In order to be considered an unequal, excessive, improper, or under valuation, the valuation must be unequivocally excessive, or fundamentally wrong.

This assumes that the assessor has reviewed the critical facts. Our court requires the assessor to review all "directly relevant" evidence of the property value and "prevailing market conditions." *Faulk v. Bd. of Equalization, Kenai Peninsula Borough*, 934 P.2d 750, 752 (Alaska 1997). Thus, it is important that the assessor, and the Board, make sure that all relevant evidence is considered.

FINDINGS – BASIS FOR THE BOARD'S DECISIONS

Board of Equalization decisions are subject to judicial review, if an appeal to superior court is filed within 30 days. Consequently, it is important for the Board to either make specific findings (statement of reasons) for its decisions, or otherwise set out sufficient information to enable a reviewing court to ascertain the reasons for the Board's action. An appeal to superior court of a determination of the Board is heard on the record established at the Board hearing. AS 29.45.210(d). It is important that the record be as clear and complete as possible.

The Alaska Supreme Court outlined the requirements for board of equalization decisions in *Faulk*, 934 P.2d at 751, as follows:

> We have previously concluded that "[t]he threshold question in an administrative appeal is whether the record sufficiently reflects the basis for the [agency's] decision so as to enable meaningful judicial review." *Fields v. Kodiak City Council*, 628 P.2d 927, 932 (Alaska 1981). In answering that question, "[t]he test of sufficiency is ... a functional one: do the [agency's] findings facilitate this court's review, assist the parties and restrain the agency within proper bounds?" *South Anchorage Concerned Coalition, Inc. v. Coffey,* 862 P.2d 168, 175 (Alaska 1993).

The court remanded the case to the borough board of equalization because the board had not provided an adequate basis for the court to determine whether it had reasonably denied the property tax appeal. The court directed: "On remand, the superior court should instruct the Board to state its reasons for rejecting the Faulks' appeal." *Id.* at 753.

Accordingly, the Board should take care to state its reasons for granting or denying an appeal, or making an adjustment to the assessment different from that requested by the appellant.

ACTION BY THE BOARD OF EQUALIZATION

In taking action on appeals, a Board member should move and vote in the affirmative to grant the appeal by the taxpayer. A Board member should vote in the negative to deny the appeal and thereby affirm the assessor's determination.

Sample motions: "I move that the Board grant the appeal and I ask for a 'yes' vote for the reasons provided by the appellant;" OR "I move the Board grant the appeal, and I ask for a 'no' vote for the reasons provided by the Assessor;" OR "I move the Board grant the appeal and I ask for a 'yes' vote to adjust the assessment to $X for the following reasons [statement of reasons]."

For appeals that are not timely filed, the Board should first vote on whether or not to hear the appeal; if the Board decides to hear the appeal, it should then be heard on its merits.

The Board is required to certify its actions to the assessor within seven days, and, except as to supplementary assessments, the assessor must enter the changes and certify the final roll by June 1. AS 29.45.210(c). The rate of levy must be determined by the Assembly by ordinance before June 15. AS 29.45.240. The CBJ budget must be adopted by May 31. If for any reason the Board hearing is continued to a later date, the date for completing the hearing must be in the near future in order for the final assessment roll to be certified and the rate of levy fixed in accordance with the required statutory time frames.

Attachments

15.05.180 - Notice of hearing of appeal.

The assessor shall notify each appellant by mail of the date, time, and place of the hearing of the appeal by the board of equalization. Such notice shall be addressed to the appellant at the appellant's last known address as shown on the assessor's records, and shall be complete upon mailing. Such notices shall be mailed not later than ten days prior to the date of hearing of the appeals. All such notices shall include the following information:

(a) The date and time of day of the hearing;

(b) The location of the hearing room;

(c) Notification that the appellant bears the burden of proof;

(d) Notification that the only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal timely filed or proven at the appeal hearing; and

(e) Notification that the appellant may be present at the hearing, and that if the appellant fails to appear, the board of equalization may proceed with the hearing in the absence of the appellant.

(CBJ Code 1970, § 15.05.180; Serial No. 70-33, § 3, 1971; Serial No. 87-36, § 2, 1987)

State law reference— Appeal, AS 29.45.190; appellant fails to appear, AS 29.45.210(a); grounds for adjustment, AS 29.45.210(b).

15.05.185 - Board of equalization.

(a) *Membership; duties; term of office; term limits.*

(1) *Membership.* The board of equalization shall comprise a pool of no less than six, and up to nine, members, not assembly members, appointed by the assembly. There shall be up to three panels established each year. Each panel hearing appeals shall consist of three members. The board chair shall assign members to a specific panel and schedule the panels for a calendar of hearing dates. The assignment of members to panels and the establishment of a hearing calendar shall be done in consultation with the individual members. Additionally, members may be asked to take the place of regular assigned panel members in the event an assigned panel member is unable to attend a scheduled meeting.

(2) *Qualifications of members.* Members shall be appointed on the basis of their general business expertise and their knowledge or experience with quasi-judicial proceedings. General business expertise may include, but is not limited to, real and personal property appraisal, the real estate market, the personal property market, and other similar fields.

(3) *Duties.* The board, acting in panels, shall only hear appeals for relief from an alleged error in valuation on properties brought before the board by an appellant. A panel hearing a case must first make a determination that an error in valuation has occurred. Following the determination of an error in valuation the panel may alter an assessment of property only if there is sufficient evidence of value in the record. Lacking sufficient evidence on the record the case shall be remanded to the assessor for reconsideration. A hearing by the board may be conducted only pursuant to an appeal filed by the owner of the property as to the particular property.

(4) *Term of office.* Terms of office shall be for three years and shall be staggered so that approximately one-third of the terms shall expire each year.

(5) *Term limits.* No member of the board of equalization who has served for three consecutive terms or nine years shall again be eligible for appointment until one full year has intervened,

provided, however, that this restriction shall not apply if there are no other qualified applicants at the time reappointment is considered by the assembly human resources committee.

(b) *Chair.* The board annually shall elect a member to serve as its chair. The chair shall coordinate all board activities with the assessor including assignment of panel members, scheduling of meetings, and other such board activities.

(c) *Presiding officer.* Each panel shall elect its own presiding officer to act as the chair for the panel and shall exercise such control over meetings as to ensure the fair and orderly resolution of appeals. In the absence of the elected presiding officer the panel shall appoint a temporary presiding officer at the beginning of a regular meeting. The presiding officer shall make rulings on the admissibility of evidence and shall conduct the proceedings of the panel in conformity with this chapter and with other applicable federal, state and municipal law.

(d) *Report to the assembly.* The board, through its chair, shall submit an independent report to the assembly each year by September 15 identifying, at a minimum, the number of cases appealed, the number of cases scheduled to be heard by the board, the number of cases actually heard, the percentage of cases where an error of valuation was determined to exist, the number of cases remanded to the assessor for reconsideration, the number of cases resulting in the board altering a property assessment, and the net change to taxable property caused by board action. The report shall also include any comments and recommendations the board wishes to offer concerning changes to property assessment and appeals processes.

(Serial No. 2005-51(c)(am), § 4, 1-30-2006)

15.05.190 - Hearing of appeal.

(a) At the hearing of the appeal, the board of equalization shall hear the appellant, the assessor, other parties to the appeal, and witnesses, and consider the testimony and evidence, and shall determine the matters in question on the merits.

(b) If a party to whom notice was mailed as provided in this title fails to appear, the board of equalization may proceed with the hearing in the party's absence.

(c) The burden of proof in all cases is upon the party appealing.

(d) The board of equalization shall maintain a record of appeals brought before it, enter its decisions therein and certify to them. The minutes of the board of equalization shall be the record of appeals unless the board of equalization shall provide for a separate record.

(CBJ Code 1970, § 15.05.190; Serial No. 70-33, § 3, 1971)

State law reference— Hearing, AS 29.45.210.

15.05.200 - Judicial review.

A person aggrieved by an order of the board of equalization may appeal to the superior court for review de novo after exhausting administrative remedy under this title.

(CBJ Code 1970, § 15.05.200; Serial No. 70-33, § 3, 1971)

State law reference— Appeal to superior court, AS 29.45.210(d).

C
West's Alaska Statutes Annotated Currentness
Title 29. Municipal Government
Chapter 45. Municipal Taxation
Article 1. Municipal Property Tax
→→ § 29. 45. 190. Appeal

(a) A person whose name appears on the assessment roll or the agent or assigns of that person may appeal to the board of equalization for relief from an alleged error in valuation not adjusted by the assessor to the taxpayer's satisfaction.

(b) The appellant shall, within 30 days after the date of mailing of notice of assessment, submit to the assessor a written appeal specifying grounds in the form that the board of equalization may require. Otherwise, the right of appeal ceases unless the board of equalization finds that the taxpayer was unable to comply.

(c) The assessor shall notify an appellant by mail of the time and place of hearing.

(d) The assessor shall prepare for use by the board of equalization a summary of assessment data relating to each assessment that is appealed.

(e) A city in a borough may appeal an assessment to the borough board of equalization in the same manner as a taxpayer. Within five days after receipt of the appeal, the assessor shall notify the person whose property assessment is being appealed by the city.

CREDIT(S)

SLA 1985, ch. 74, § 12.

LIBRARY REFERENCES

Taxation 🔑 2648.
Westlaw Key Number Search: 371k2648.

NOTES OF DECISIONS

Decisions reviewable and right of review 1

C
West's Alaska Statutes Annotated Currentness
Title 29. Municipal Government
Chapter 45. Municipal Taxation
Article 1. Municipal Property Tax
→→ § 29. 45. 200. Board of equalization

(a) The governing body sits as a board of equalization for the purpose of hearing an appeal from a determination of the assessor, or it may delegate this authority to one or more boards appointed by it. An appointed board may be composed of not less than three persons, who shall be members of the governing body, municipal residents, or a combination of members of the governing body and residents. The governing body shall by ordinance establish the qualifications for membership.

(b) The board of equalization is governed in its proceedings by rules adopted by ordinance that are consistent with general rules of administrative procedure. The board may alter an assessment of a lot only pursuant to an appeal filed as to the particular lot.

(c) Notwithstanding other provisions in this section, a determination of the assessor as to whether property is taxable under law may be appealed directly to the superior court.

CREDIT(S)

SLA 1985, ch. 74, § 12.

LIBRARY REFERENCES

Taxation 🔑 2624.
Westlaw Key Number Search: 371k2624.

NOTES OF DECISIONS

1. Payment under protest

C
West's Alaska Statutes Annotated Currentness
Title 29. Municipal Government
Chapter 45. Municipal Taxation
Article 1. Municipal Property Tax
→→ **§ 29. 45. 210. Hearing**

(a) If an appellant fails to appear, the board of equalization may proceed with the hearing in the absence of the appellant.

(b) The appellant bears the burden of proof. The only grounds for adjustment of assessment are proof of unequal, excessive, improper, or under valuation based on facts that are stated in a valid written appeal or proven at the appeal hearing. If a valuation is found to be too low, the board of equalization may raise the assessment.

(c) The board of equalization shall certify its actions to the assessor within seven days. Except as to supplementary assessments, the assessor shall enter the changes and certify the final assessment roll by June 1.

(d) An appellant or the assessor may appeal a determination of the board of equalization to the superior court as provided by rules of court applicable to appeals from the decisions of administrative agencies. Appeals are heard on the record established at the hearing before the board of equalization.

CREDIT(S)

SLA 1985, ch. 74, § 12.

LIBRARY REFERENCES

Taxation 🔑 2676, 2691.
Westlaw Key Number Searches: 371k2676; 371k2691.

NOTES OF DECISIONS

Burden of proof 1
Judicial review 3
Record of hearing 2

MEMORANDUM

155 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

DATE: May 28, 2021

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **Update on Mandatory Disclosure of Real Estate Sales Prices**

The Assembly passed Ordinance 2020-47(am) in October 2020 enacting CBJ 15.05.105. Hence, on November 30, 2020, the CBJ Assessor shifted from sending letters to buyers and sellers requesting voluntary disclosure of sales prices to sending letters indicating that CBJ law now requires sales prices to be confidentially disclosed to the Assessor.

Since the new law came into effect, the Assessor has mailed disclosure letters to the buyers involved in 343 real estate transactions. Letters were not mailed when the transactions were clearly exempt from mandatory disclosure. To-date, the Assessor has received 117 responses to the buyer market letters. Of the 226 transactions for which the required disclosure has not been submitted by the buyer, they are aged as follows since the time that the transactions were recorded:

- Fewer than 30 days 50
- 30 to 60 days 40
- 60 to 90 days 37
- More than 90 days 99

As passed, the mandatory disclosure ordinance did not enact any compliance mechanism. While the CBJ is able to compel compliance by court order, some buyers may be failing to return the disclosure letters because they believe CBJ's law is "toothless" and "unenforceable."

For the vast majority of other jurisdictions with mandatory disclosure, there is no need for an express compliance mechanism because disclosure of the sales price is required in order for the transfer of property to be *recorded* by that jurisdiction. This mechanism doesn't work for CBJ because the State of Alaska is the designated recording agency in the state, and CBJ has no way to compel the Alaska Recorder's Office to require sales price disclosure as part of the recording process.

Without a compliance mechanism in code, CBJ's sole ability to compel disclosure is to take buyers to court or to continue to rely on voluntary disclosure—which may defeat the Assembly's goal with the ordinance to require mandatory disclosure.

Most likely, only a civil fine or penalty will be effective to compel compliance. Such a civil fine or penalty could be applied daily after a reasonable period of time—perhaps 90 days after real estate sale is recorded would be reasonable.

Recommended Action

Direct staff to develop an ordinance for consideration that would assess a daily civil fine or penalty to the buyer, if the buyer has failed to disclose the price of real estate transaction within 90 days of recording.

MEMORANDUM

CITY AND BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

105 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

DATE: February 2, 2022

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **FY22/FY23 Debt Service Fund**

As a result of the state reimbursing only 42% of FY2022 school bond debt reimbursement, the Debt Service Fund has a shortage in FY2022. Previously, the Finance Department had advised the Assembly that a general fund transfer of $2,804,350 would be required in FY2022. $2,546,600 of this transfer was built into the FY2022 budget based on 50% school bond debt reimbursement. Based on the reduced reimbursement of 42%, an additional $257,750 general fund transfer is required to make the Debt Service Fund whole again in the current fiscal year.

However, there is an alternative approach for consideration. Given CBJ's rapidly declining general obligation debt service, the debt service mill rate will naturally fall to 0.94 or lower in FY2023. This decline creates "headroom" for additional debt service costs to be paid in FY2023. The Assembly may wish to consider *not* transferring general funds to the debt service fund in FY2022 and allowing the debt service fund to go negative. With a negative starting balance in the debt service fund, the Assembly could keep the debt service mill rate flat at 1.20 into FY2023. The amount of additional tax generated may not be sufficient to bring the debt service fund up to a zero balance, but any required general fund transfer would be substantially reduced.

This is a picture with the status quo assumption that the Assembly would transfer $2.8 million general funds to the debt service fund in FY2022 (this also assumes that the airport will pay its FY2023 debt service):

	Actual	*Projected*	*Forecast*
	FY2021	**FY2022**	**FY2023**
Debt Service Fund Balance	**$ 974,938**	**$ 300,222**	**$ 0**
Required Debt Service	**$ 13,706,111**	**$ 12,899,393**	**$ 8,839,091**
Reimbursements/Subsidies			
SOA SBDR %	0%	42%	100%
SOA SBDR $	$ -	$ (2,350,496)	$ (3,368,874)
Bond Proceeds	$ (286,000)	$ -	$ -
Federal Subsidy	$ (83,000)	$ -	$ -
Interest Income	$ (74,198)	$ -	$ -
Airport Reimbursement $	$ (602,375)	$ (662,625)	$ (660,375)
Hotel Bed Tax Subsidy	$ -	$ (277,700)	$ (280,000)
Other Financing Sources (Uses)	$ -	$ -	$ -
Net Required Debt Service	**$ 12,660,538**	**$ 9,608,572**	**$ 4,529,842**
Debt Service Paid by Mill Rate	**$ 6,085,822**	**$ 6,504,000**	**$ 4,529,842**
Debt Service Fund Net Gain/(Loss)	**$ (974,938)**	**$ (300,222)**	**$ -**
Required General Fund Subsidy	**$ 5,599,778**	**$ 2,804,350**	**$ -**
Voluntary General Fund Subsidy	**$ 5,900,000**	**$ 2,804,350**	**$ -**
Debt Service Mill Rate (Status Quo)	**1.20**	**1.20**	**0.82**

And this is what the picture would look like without any FY2022 transfer of general funds. In short, it appears that a $667,000 general fund transfer would still be required in FY2023, effectively saving the general fund approximately $2.1 million:

	Actual		Projected		Forecast	
		FY2021		FY2022		FY2023
Debt Service Fund Balance	**$**	**974,938**	**$**	**300,222**	**$**	**(2,804,350)**
Required Debt Service	**$**	**13,706,111**	**$**	**12,899,393**	**$**	**8,839,091**
Reimbursements/Subsidies						
SOA SBDR %		0%		42%		100%
SOA SBDR $	$	-	$	(2,350,496)	$	(3,368,874)
Bond Proceeds	$	(286,000)	$	-	$	-
Federal Subsidy	$	(83,000)	$	-	$	-
Interest Income	$	(74,198)	$	-	$	-
Airport Reimbursement $	$	(602,375)	$	(662,625)	$	(660,375)
Hotel Bed Tax Subsidy	$	-	$	(277,700)	$	(280,000)
Other Financing Sources (Uses)	$	-	$	-	$	-
Net Required Debt Service	**$**	**12,660,538**	**$**	**9,608,572**	**$**	**4,529,842**
Debt Service Paid by Mill Rate	**$**	**6,085,822**	**$**	**6,504,000**	**$**	**6,666,600**
Debt Service Fund Net Gain/(Loss)	**$**	**(974,938)**	**$**	**(300,222)**	**$**	**2,804,350**
Required General Fund Subsidy	**$**	**5,599,778**	**$**	**2,804,350**	**$**	**667,591**
Voluntary General Fund Subsidy	**$**	**5,900,000**	**$**	**-**	**$**	**-**
Debt Service Mill Rate (Status Quo)		**1.20**		**1.20**		**1.20**

<u>Recommendation</u>

I recommend that the Assembly Finance Committee direct staff to lapse the FY2022 budgeted transfer of general funds to the debt service fund totaling $2,546,600. Additionally, I recommend that the Assembly direct staff to propose a budget for FY2023 that retains the debt service mill rate of 1.20 and transfers general funds to the debt service fund in the amount of the estimated fund balance shortfall.

MEMORANDUM

105 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

DATE: February 2, 2022

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **Airport General Obligation Bond Debt**

As the result of extraordinary general fund revenue losses due to the pandemic and the significant federal grants made to the Juneau International Airport to offset pandemic impacts, the Assembly opted to require the airport to self-fund its general obligation debt service in FY21 and FY22. This action saved the general fund approximately $660,000 each year—about $1.3 million total.

Through legislations like CARES, CRRSAA and ARPA, the Airport received roughly $30,590,133 in Federal funding in response to the pandemic. These funds can be spent on any number of things, including covering revenue shortfalls (rent abatements), various operating costs, capital projects, debt service payments and COVID related expenditures. Through FY21, the Airport had expended $4.2 million on operating shortfalls (including tenant relief), $1.3 million on GO debt service, and $2.8 million on capital projects and improvements. The Airport is estimating that an additional $3.0 million will be spent in FY22 to cover operational shortfalls, again including shortfalls prompted by tenant rent relief. This would leave approximately $19.3 million for future years.

The airport's general obligation debt service may continue to be paid with these same federal pandemic grants in FY23 and FY24, but not beyond. The debt service payment remains roughly the same for these two years, so assigning repayment of this general obligation debt to the airport would save approximately $660,000 each year—an additional savings to the general fund of about $1.3 million.

The general obligation debt in question funded the required local match for the North Terminal Reconstruction project, which is nearing completion. General obligation bonds were required (rather than airport revenue bonds) because this portion of the project needed to be paid for by local tax dollars. It was surprising, even extraordinary, that the federal pandemic grants allowed for this general obligation debt as an allowable expenditure—but the federal grant terms appeared to recognize that local communities highly impacted by the pandemic would struggle to afford general obligation debt for required local match.

In light of the significant federal funds available to the airport and in the interest of preserving general funds for the myriad priorities currently faced by the Assembly, I recommend that the Assembly Finance Committee assign repayment of this general obligation bond debt to the airport in FY23 and FY24. Upon such a decision, the Airport Board would need to incorporate these payments into its budget to be introduced in April.

MEMORANDUM

DATE: February 2, 2022

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

105 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

SUBJECT: **Repealing Sales Tax on Food**

One of the Assembly's 2022 goals is "Continue to evaluate sales tax structure including equity and evaluate removing sales tax on food." This memo is confined to the second half of that goal—evaluation of the removal of sales tax on food, which implies some consideration of tax equity.

Over the past two decades, the CBJ Assembly has discussed the possibility of exempting food from sales tax numerous times—almost annually. In that time, not less than three special committees or task forces have considered the idea or recommended it for further study. In all of the documents I found and reviewed, I find no instance where the Assembly decided *against* removing sales tax from food. In all cases, the concept was discussed and then appeared to die under its own weight as other priorities became more pressing.

Even if everyone could agree that food should be exempt from sales tax, exempting sales tax from food is hard to do, for two principle reasons:

1. The revenue impact is very significant
2. Defining exempt "food" is contentious and emotionally charged

The significant revenue impact can be addressed in a number of ways. Prior considerations have generally advanced the idea that the revenue would be replaced by increasing the total sales tax rate to 6%. But that isn't the only option. Some have suggested that food could be exempted by removing or reducing other exemptions, like the non-profit exemption or single-item cap (this is hard to accomplish in practice). Others have suggested that food could be exempted and the sales tax loss could be made up for by increasing the property tax mill rate (this may be possible, and merits review). Yet others would likely suggest that food should be exempted and CBJ should simply spend less on public services. Potentially, several elements of these ideas could be combined into a multi-faceted plan. Hence, the question of the revenue impact is hard.

Defining "food" seems simple, but it's not. Generally, discussions have trended toward defining food as "store-bought groceries," which eliminates all prepared food. Again, this seems simple enough, but prior committees have discussed at length whether or not crab meat would be exempt, with one final conclusion being that hot/warm crab was taxable but cold/frozen crab was exempt—a seemingly silly but necessary distinction. Others may make arguments about soil and seeds for home gardens; or ammunition or bait for subsistence harvest of game and fish. Further, many advocates will argue for exemption of certain (but not all) personal hygiene products in addition to groceries. And in the Assembly's most recent discussions, an idea was advanced to also exempt residential utilities as part of the effort. Hence, the question of *exactly* what to exempt is hard.

Rather than try to resolve any of these issues at this time, this memo only resurfaces the concept. Does the Assembly wish to re-consider the exemption of food (and related items)? What structure for public consideration would assist the Assembly in coming to a decision? What additional information is needed?

Should the Assembly choose to increase the sales tax rate, a public vote will be necessary. This creates a critical path for timing. Generally speaking, in order to place a question on the October 2022 ballot, an ordinance to that effect would need to be introduced by July 11, 2022 and adopted by August 1, 2022. With the budget process consuming most of the Assembly Finance Committee's time and attention in April and May, there are a limited number of meetings available to accommodate committee consideration between now and July.

MEMORANDUM

155 Municipal Way
Juneau, AK 99801
Phone: (907) 586-5215
Fax: (907) 586-0358

DATE: January 30, 2020

TO: Assembly Finance Committee

FROM: Jeff Rogers, Finance Director

SUBJECT: **Consideration of Changes to Sales Tax**

Summary

As an outcome of the Fiscal Sustainability Review in 2019, the Assembly Finance Committee expressed a desire to consider revisions to CBJ's sales tax rate and exemptions. Staff noted three areas of Assembly focus:

1. Exemption of sales on-board cruise vessels
2. Exemption of sales by non-profit organizations
3. Exemption of sales tax on food offset by an increase to the sales tax rate (either seasonally or year-round)

Exemption of Sales On-Board Cruise Vessels

Under CBJ 69.05.040(4), sales on-board cruise ships is exempt from the imposition, collection, and remittance of sales taxes. In recent years, the Sales Tax Administrator and his staff have worked through several audits with the cruise industry to improve the accuracy of their reporting of exempted on-board sales.

In CY2019, cruise companies reported $12.2 million of exempt sales activity, which represents $610,000 of foregone revenue. Given the challenges with recent audits of these companies, staff believe that these numbers likely significantly under-represent the actual sales activity and foregone revenue. For planning purposes, it is reasonable to assume that revenue received from imposing sales tax on on-board sales would generate $800,000 to $1 million per year.

In order to initiate the imposition, collection, and remittance of these sales taxes, an ordinance is required to repeal CBJ 69.05.040(4). Care must be paid to the effective date, as cruise operators may struggle to comply without a sufficient notice period. An option would be to allow the Manager to negotiate a PILT (payment in lieu of taxes) for the initial year of imposition, or perhaps indefinitely. **If a repeal of this exemption is desired, I recommend that the Committee direct staff to draft and introduce an ordinance repealing, or otherwise negating, CBJ 69.05.040(4).**

Exemption of Sales by Non-Profit Organizations

Under CBJ 69.05.040(12), sales to and by non-profit organizations are exempted from sales tax. At this time, the Committee appears to have narrowed its consideration to those sales by non-profits, with the apparent intention to retain the exemption of sales to non-profits.

The Assembly's discussion to-date has focused primarily on the question of sales tax imposition, collection, and remittance by "retail storefronts"—those businesses selling new goods in an ongoing permanent business operation. In these discussions, the Committee has generally expressed a desire retain the current exemption for non-profit sales that are more charitable in their fundamental nature, that are participant-driven fundraisers, and the sales of used goods. Sales in that category appear to include charitable thrift shops such as St Vincent de Paul and Salvation Army, the sale of Girl Scout cookies, the sale of Boy Scout popcorn, etc.

In CY2018, non-profit organizations reported $26.2 million of exempt sales activity by those organizations, which represents $1.3 million of foregone revenue. Staff are generally unable to determine how much of that sales activity would be subject to sales tax with a modification of the exemption because the organizations in question are so diverse. For example, the Juneau Arts and Humanities Council reports exempt sales for the total of their ticket sales, services rendered, and retail sales. Coast Alaska and Capital Community Broadcasting report sales exemptions in the non-profit category, but staff cannot determine what portion might be subject to tax under modified exemption language. See the following table of organizations by broad non-profit category:

Non-profit Category	# of Orgs	Sales Exempted		Foregone Tax Revenue	
Senior/Disability Services*	6	$	13,067,335.89	$	653,366.79
Arts/Music/Literature/Cultural	17	$	2,899,573.59	$	144,978.68
Broadcasting	2	$	2,763,816.88	$	138,190.84
Education/Youth	14	$	2,142,259.43	$	107,112.97
Environment/Ecology	15	$	1,917,688.78	$	95,884.44
Health/Housing/Homelessness	12	$	1,418,952.34	$	70,947.62
Recreation	23	$	1,368,530.71	$	68,426.54
Affinity Group	23	$	409,269.42	$	20,463.47
Other	8	$	220,002.75	$	11,000.14
Grand Total	**120**	**$**	**26,207,429.79**	**$**	**1,310,371.49**

*The services provided by a single non-profit residential facility for the elderly and disabled represents 85% of sales exempted in this category and 42% of all reported non-profit sales.

This categorization does not identify “thrift store,” “bookstore,” and “art gallery” as categories. That is because those activities are not the underlying non-profit organizational activity—they merely raise funds to support an organization’s charitable purpose. Attempts to differentiate sales activity by organizational type may be fraught. Grey areas will likely require staff to make individual determinations. Imperfect distinctions may also invite claims of discrimination or unequal application of the law.

Another consideration is that many entities currently exempted as non-profit organizations would remain wholly or partially exempt from sales tax because they would be eligible for exemption under other sections of the code—namely medical sales, membership dues, youth camps, and school-approved groups.

In order to initiate the imposition, collection, and remittance of sales taxes on sales by certain non-profit retailers, an ordinance is required to modify CBJ 69.05.040(12). **If a modification of this exemption is desired, I recommend that the Assembly Finance Committee direct staff to draft an ordinance for review.** Staff need as much direction from the Committee as possible about the kinds of non-profit entities/activities/sales to remain exempt and the kinds of non-profit entities/activities/sales to be subject to sales tax.

Additionally, if the Assembly Finance Committee desires to modify the exemption of sales by non-profits, it may also wish to review and consider the exemption of sales by federally recognized Indian tribes under CBJ 69.05.040(13). The services provided under this exemption vary, but include coffee shops, auto services, and catering. This exemption had $131,000 of sales activity in CY2018 and represents $7,000 in lost revenue. It is a limited exemption with a small impact. However, these organizations are similarly situated to community non-profit organizations, and the Committee has remarked that the tax-exempt status of these services may give these businesses an unfair competitive advantage over non-exempt entities.

<u>Exemption of Sales Tax on Food Offset by Higher Sales Tax Rate</u>

Food is subject to the imposition, collection, and remittance of sales tax broadly under CBJ 69.05. The Committee has discussed interest in the exemption of food offset by a higher sales tax rate, either seasonally or year-round. At the Committee's request, staff prepared an analysis of the impact of such a change on cost-of-living by income group that was reviewed at the December 4, 2019 Committee meeting. That analysis confirmed what staff and the Committee had suspected: the exemption of food, even with a higher base rate, reduces the tax burden on most or all Juneau residents, and the greatest financial assistance accrues to those in the lowest income categories. This is in accord with the Assembly's stated goal of "reduce the relative cost of living in Juneau where possible."

Rates and exemptions impact sales tax revenues in an interrelated way. As in, with a higher sales tax rate the "cost" of an exemption is higher than it is with a lower sales tax rate, so when considering changes to rates and exemptions simultaneously, the amount of lost or gained revenue is constantly dynamic. Hence, it is imperative to use the Sales Tax Model to account for simultaneous changes to rates and exemptions. The model indicates that the exemption of food with a seasonal 5%/6% rate results in a negligible revenue loss. The model indicates that the exemption of food with a year-round 6% rate results in $2.6 million of additional sales tax.

In October 2014, the Juneau Chamber of Commerce advocated to the Assembly on the subject of taxes as part of the Tax Exemption Review Committee (TERC). Their position supported the following interrelated positions on sales taxation, and the Chamber has recently indicated that it maintains these positions currently.

1. Exempt food and residential utilities
2. Impose a 6.0% year-round sales tax rate (it opposes a seasonal rate)

The sitting Assembly Finance Committee has not yet discussed or considered exempting residential utilities, but such consideration may be appropriate as part of reducing local cost-of-living. The Sales Tax Office has estimated that residential (not commercial) utilities represent approximately $40 million of taxable sales annually, which currently generates approximately $2.0 million in sales tax. This calculation includes heating fuels (oil, propane & pellets), trash/landfill, water/sewer, and electricity. A preliminary model indicates that the exemption of food and residential utilities is equivalently offset by a year-round rate of 6.0%.

Any increase to the sales tax rate must be put before voters as a ballot question. Such a ballot question would require the following time-line:

- Introduction of an ordinance not later than July 13, 2020
- Public Hearing of an ordinance not later than August 3, 2020
- Municipal Election on Ballot Question on October 6, 2020

If the goal is a revenue-neutral change, it will not be necessary for the Committee or Assembly to consider the impact of the change as part of the review and adoption of the FY2021 budget. However, the planned budget review process will fully consume the Committee's time and focus in the months of April and May. Hence, Assembly Finance Committee meetings in March and June will be essential opportunities for advancing this consideration in preparation for a 2020 ballot question.

To further advance the consideration of this subject, the Committee may wish to do any of the following:

- **Discuss desirable outcomes and narrow the range of possible scenarios for consideration**
- **Direct staff to begin drafting ordinance language for a ballot-question that would implement exemptions and adjust the sales tax rate as desired**
- **Direct staff to contract with a professional economist to further refine the sales tax model and the revenue impact of specific scenarios for consideration**
- **Plan a suitable public process including opportunities for public testimony and feedback**

Impact of a Seasonal Sales Tax Increase and Food Exemption on Living Wage
Prepared by Jeff Rogers, Finance Director, for the CBJ Assembly Finance Committee
November 23, 2019

Introduction

This paper attempts to respond to questions from the CBJ Assembly Finance Committee about the impact of a seasonal sales tax rate in conjunction with a sales tax exemption on unprepared food. In particular, this paper will consider the impact of these changes on wages at various levels of income.

Assumptions

This analysis assumes:

- Number of Juneau resident households is 12,273
- Number of summer visitors is 1,300,000
- "Unprepared food" is defined by the Bureau Labor of Statistics as "food for home"
- "Other taxable items" shall be the sum of all other BLS categories of taxable expenditures
- Summer visitors pay 18% of CBJ sales tax annually (based on analysis by Bonnie Chaney 2019)
- Of the amount that summer visitors spend, only 5% is spend on "food for home"
- CBJ taxes $1 billion in sales of goods and services to generate $50 million in sales tax revenue

Methodology

The attached calculation estimates impact in the following steps:

1. CBJ gross taxable sales are allocated between residents and visitors using the assumptions above
2. Sales tax generated is calculated for two scenarios
    a. Status quo scenario: 5% year-round rate with food subject to tax
    b. Contemplated scenario: 5%/6% seasonal rate with unprepared food exempt
3. The difference between these two scenarios is calculated for residents and visitors and divided by the number of resident households and summer visitors
4. National Bureau of Labor Statistics regarding income and expenditures is localized to Juneau based on taxes actually paid
5. Sales tax and % of income/expenditure by income quartile is calculated for two scenarios
    a. Status quo scenario: 5% year-round rate with food subject to tax
    b. Contemplated scenario: 5%/6% seasonal rate with food-for-home exempt
6. The difference between these two scenarios is calculated

Result of Analysis: Estimated Impact

Annual Sales Tax Savings for Residents	$	**1,760,854**	Annual Sales Tax Increase on Visitors	$	**1,260,000**
Annual Sales Tax Savings per Resident Household	$	**143.47**	Additional Sales Tax Cost per Visitor	$	**0.97**

Annual Savings from 5%/6% Rate and Food Exemption	**Income Level**					
	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	All Households
Annual Sales Tax Savings per Resident Household	$ 132.13	$ 172.84	$ 156.00	$ 162.66	$ 93.13	$ 143.47
Annual Savings as % of Resident Household Income	0.58%	0.28%	0.14%	0.09%	0.02%	0.09%
Annual Savings as % of Resident Household Expenditure	0.25%	0.21%	0.15%	0.12%	0.04%	0.11%
					Total Annual Sales Tax Savings by Residents	$ 1,760,854

ESTIMATED IMPACT OF 5%/6% SEASONAL RATE AND FOOD EXEMPTION

Analysis of Variable Impact on Visitors and Resident Households

Prepared by Jeff Rogers, Finance Director, City and Borough of Juneau

		All Payers		
		Food	**Non-Food**	**Subtotal**
Gross Sales	Q1	$ 26,464,871	$ 152,969,433	$ 179,434,304
	Q2	$ 30,430,917	$ 246,887,275	$ 277,318,192
	Q3	$ 31,973,141	$ 307,130,112	$ 339,103,253
	Q4	$ 31,951,619	$ 172,192,633	$ 204,144,251
	Total	$ 120,820,548	$ 879,179,452	**$ 1,000,000,000**

Variables	
% of Annual Sales to Visitors	18%
% of Visitors Sales on Food	5%
Assumptions	
Resident Households	12,273
Summer Visitors	1,300,000
Juneau/BLS Adjustment (Food)	208.8%
Juneau/BLS Adjustment (Other)	190.9%

		Residents			**Visitors**			All Payers
		Food	Non-Food	**Subtotal**	Food	Non-Food	**Subtotal**	Total
Gross Sales	Q1	$ 26,464,871	$ 152,969,433	$ 179,434,304	$ -	$ -	$ -	$ 179,434,304
	Q2	$ 26,420,238	$ 170,684,389	$ 197,104,627	$ 4,010,678	$ 76,202,887	$ 80,213,565	$ 277,318,192
	Q3	$ 26,983,820	$ 212,332,998	$ 239,316,818	$ 4,989,322	$ 94,797,113	$ 99,786,435	$ 339,103,253
	Q4	$ 31,951,619	$ 172,192,633	$ 204,144,251	$ -	$ -	$ -	$ 204,144,251
	Total	$ 111,820,548	$ 708,179,452	**$ 820,000,000**	$ 9,000,000	$ 171,000,000	**$ 180,000,000**	$ 1,000,000,000

		Residents			**Visitors**			All Payers
		Food	Non-Food	**Subtotal**	Food	Non-Food	**Subtotal**	Total
Status Quo Tax Revenue	Q1	$ 1,323,244	$ 7,648,472	$ 8,971,715	$ -	$ -	$ -	$ 8,971,715
	Q2	$ 1,321,012	$ 8,534,219	$ 9,855,231	$ 200,534	$ 3,810,144	$ 4,010,678	$ 13,865,910
	Q3	$ 1,349,191	$ 10,616,650	$ 11,965,841	$ 249,466	$ 4,739,856	$ 4,989,322	$ 16,955,163
	Q4	$ 1,597,581	$ 8,609,632	$ 10,207,213	$ -	$ -	$ -	$ 10,207,213
	Total	$ 5,591,027	$ 35,408,973	**$ 41,000,000**	$ 450,000	$ 8,550,000	**$ 9,000,000**	$ 50,000,000

		Residents			**Visitors**			All Payers
Tax Revenue with 5%/6% Rate and Food Exemption		Food	Non-Food	**Subtotal**	Food	Non-Food	**Subtotal**	Total
	Q1	$ -	$ 7,648,472	$ 7,648,472	$ -	$ -	$ -	$ 7,648,472
	Q2	$ -	$ 10,241,063	$ 10,241,063	$ -	$ 4,572,173	$ 4,572,173	$ 14,813,237
	Q3	$ -	$ 12,739,980	$ 12,739,980	$ -	$ 5,687,827	$ 5,687,827	$ 18,427,807
	Q4	$ -	$ 8,609,632	$ 8,609,632	$ -	$ -	$ -	$ 8,609,632
	Total	$ -	$ 39,239,146	**$ 39,239,146**	$ -	$ 10,260,000	**$ 10,260,000**	$ 49,499,146

Annual Sales Tax Savings for Residents	**$ 1,760,854**	Annual Sales Tax Increase on Visitors	**$ 1,260,000**
Annual Sales Tax Savings per Resident Household	**$ 143.47**	Additional Sales Tax Cost per Visitor	**$ 0.97**

ESTIMATED IMPACT OF 5%/6% SEASONAL RATE AND FOOD EXEMPTION

Analysis of Variable Impact on Visitors and Resident Households

Prepared by Jeff Rogers, Finance Director, City and Borough of Juneau

National BLS Data (2017)	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	All Households
	Income Level					
Annual Household Income	$ 11,394	$ 29,821	$ 52,431	$ 86,363	$ 188,103	$ 73,573
Annual Household Expenditures	$ 26,019	$ 39,300	$ 50,470	$ 67,604	$ 116,988	$ 60,060
Amount Spent on Food at Home	$ 2,582	$ 3,622	$ 4,038	$ 4,893	$ 6,677	$ 4,363
Amount Spent on Other Taxable Items	$ 13,316	$ 19,891	$ 25,730	$ 33,732	$ 58,511	$ 30,230

National BLS Data Adjusted to Juneau Tax Data	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	All Households
	Income Level					
Annual Household Income	$ 22,771	$ 62,274	$ 109,490	$ 180,349	$ 392,809	$ 153,640
Annual Household Expenditures	$ 51,999	$ 82,069	$ 105,395	$ 141,175	$ 244,302	$ 125,421
Amount Spent on Food at Home	$ 5,392	$ 7,564	$ 8,432	$ 10,218	$ 13,943	$ 9,111
Amount Spent on Other Taxable Items	$ 25,417	$ 37,967	$ 49,113	$ 64,387	$ 111,684	$ 57,702

Status Quo Tax Program	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	All Households
	Income Level					
Sales Tax paid on Food for Home	$ 269.60	$ 378.18	$ 421.62	$ 510.89	$ 697.17	$ 455.56
Sales Tax Paid on Other Taxable Items	$ 1,270.86	$ 1,898.37	$ 2,455.64	$ 3,219.34	$ 5,584.21	$ 2,885.11
Total Sales Tax Paid	$ 1,540.46	$ 2,276.56	$ 2,877.26	$ 3,730.23	$ 6,281.38	$ 3,340.67
Sales Tax Paid as % of Resident Household Income	6.76%	3.66%	2.63%	2.07%	1.60%	2.17%
Sales Tax Paid as % of Resident Household Expenditure	2.96%	2.77%	2.73%	2.64%	2.57%	2.66%
					Sales Tax Paid by Residents on Food for Home	$ 5,591,027
					Sales Tax Paid by Residents on Other Taxable Items	$ 35,408,973
					Total Sales Tax Paid by Residents	$ 41,000,000

Tax Program with 5%/6% Rate and Food Exemption	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	All Households
	Income Level					
Sales Tax paid on Food for Home	$ -	$ -	$ -	$ -	$ -	$ -
Sales Tax Paid on Other Taxable Items: Q1	$ 274.51	$ 410.06	$ 530.43	$ 695.39	$ 1,206.21	$ 623.19
Sales Tax Paid on Other Taxable Items: Q2	$ 367.56	$ 549.05	$ 710.23	$ 931.10	$ 1,615.08	$ 834.44
Sales Tax Paid on Other Taxable Items: Q3	$ 457.25	$ 683.02	$ 883.53	$ 1,158.30	$ 2,009.17	$ 1,038.05
Sales Tax Paid on Other Taxable Items: Q4	$ 309.01	$ 461.59	$ 597.08	$ 782.78	$ 1,357.79	$ 701.51
Total Sales Tax Paid	$ 1,408.33	$ 2,103.72	$ 2,721.26	$ 3,567.57	$ 6,188.25	$ 3,197.19
Sales Tax Paid as % of Resident Household Income	6.18%	3.38%	2.49%	1.98%	1.58%	2.08%
Sales Tax Paid as % of Resident Household Expenditure	2.71%	2.56%	2.58%	2.53%	2.53%	2.55%
					Sales Tax Paid by Residents on Food for Home	$ -
					Sales Tax Paid by Residents on Other Taxable Items	$ 39,239,146
					Total Sales Tax Paid by Residents	$ 39,239,146

Annual Savings from 5%/6% Rate and Food Exemption	Lowest Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	All Households
	Income Level					
Annual Sales Tax Savings per Resident Household	$ 132.13	$ 172.84	$ 156.00	$ 162.66	$ 93.13	$ 143.47
Annual Savings as % of Resident Household Income	0.58%	0.28%	0.14%	0.09%	0.02%	0.09%
Annual Savings as % of Resident Household Expenditure	0.25%	0.21%	0.15%	0.12%	0.04%	0.11%
					Total Annual Sales Tax Savings by Residents	$ 1,760,854

City and Borough of Juneau
Tax Exemption Review Committee
January 08, 2015

Other Tax Exemption & Revenue Raising Ideas Reviewed by the TERC

The Assembly Tax Exemption Review Committee (TERC) has held 11 meetings to review information on the existing tax exemptions and other related issues. On January 8 there is TERC meeting to receive public testimony on the committee's final recommended changes. In addition to proposed changes through this process the following items were reviewed and discussed. Some items the TERC reviewed and decided to make no changes at this time. Other ideas were raised and there was not sufficient time to complete an analysis or they were not tax exemptions (thus within the scope of the TERC responsibilities). These ideas are being compiled for the Assembly Finance Committee consideration.

Exemptions Reviewed and Decision Made Not to Pursue any Change at this Time

1. Change or eliminate the tax exemption for lobbyists.
2. Change or eliminate the exemption for Out of Borough Sales.
3. Follow 2006 task force recommendation to raise the age limit from 65 to 70. This could be raised over a number of years.
4. If a senior exemption for 3 essential items is adopted initiate a set dollar year-end rebate/dividend program, versus one based on actual sales transactions. A budget would be established based on a per person amount for all qualified seniors.

Other Ideas for Consideration of the Finance Committee

1. Raise the sales tax from 5% to 6% for 5 months for summer season.
2. Review the property tax hardship exemption income threshold for consistency with what may be adopted for sales tax.
    a. Also consider a tiered income approach versus a single cut-off threshold.
3. Research for opportunities for other Payment in-lieu of Taxes (PILT) agreements.
4. Establish local business license program.
5. Vehicle leasing exemption from Business Personal Property.
6. Exempt food from sales tax, for everyone, and increase the rate from 5 to 6%.
7. Inventory Tax
8. Used vehicle sales/use tax.

Note: Various recommendations to improve compliance (e.g. vendor cashier training, issue new cards, enforce requirement card to be presented at every sale) were raised and are being evaluated by the Sales Tax Office.

JUNEAU CHAMBER OF COMMERCE

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E-mail: juneauchamber@gci.net • icc@alaska.com • Web site: http://www.juneauchamber.com

October 9, 2014

Honorable Mayor Merrill Sanford
And
Assembly Members
City and Borough of Juneau
155 S. Seward
Juneau, Alaska 99801

Dear Mayor Sanford and CBJ Assembly;

The Juneau Chamber of Commerce appreciates the work of the Assembly and its Tax-Exempt Review Committee (TERC) to evaluate the CBJ's tax code and the suggested recommendations for changes to the code. The Governmental Affairs Committee and Chamber Board have followed the TERC's progress closely, attending all meetings, and have surveyed and discussed this matter with our membership.

Based on our work to date, the Chamber Board has developed the following positions with respect to the options currently being discussed. We make these recommendations in the hope that it will help to inform you on what is important to the Chamber and our membership as you develop concrete proposals. We make these recommendations in an air of collaboration and seeking a good, sustainable solution to the CBJ's current budget concerns. Solving CBJ's structural budget issues will take a community effort, which will require all to sacrifice some.

The following is the basis for our position:

First, we believe there are significant reductions in spending that are possible without impacting services. The CBJ must continue a deliberative process to identify significant cost reductions in the near term and adopt policies to control costs in the longer term. Our position will be supported only with meaningful and significant reductions; however, we recognize that cost reductions must be accompanied by revenue adjustments to address ongoing budget concerns.

Second, while we believe everyone needs to participate in resolving our budget woes, it is important to remember that any tax must be based on sound public policy and be fair and equitable to all taxpayers. As such, no tax should disproportionately target or benefit one group

Third, we believe the budget solution needs to be a community solution. All stakeholders need to be willing to sacrifice some in order to address ongoing budget concerns.

Fourth, the Chamber of Commerce believes revenue should come from sales tax as opposed to property tax. Sales tax is broader-based and we believe is a better focus for an adjustment to revenue.

Accordingly, the Chamber makes the following recommendations.

First, the CBJ should provide a broad-based exemption from sales tax for food, home electricity, fuel (heating and propane) for every Juneau resident. The Assembly should retain the exemptions for medical services and medicine. The CBJ should also retain the hardship exemption for property tax. These exemptions should accompany a 1% increase in the annual sales tax – from 5% to 6% along with the elimination of the separate senior sales tax exemption. Such a change will protect seniors, especially those with the lowest incomes, from paying sales tax on staples, provide benefit to struggling younger families, and it would greatly reduce the compliance and administrative burden on businesses and the CBJ for administering the senior sales tax exemption. This change will also result in needed additional revenue to the CBJ. We believe such a change is fair, reduces the regressive nature of the sales tax and accomplishes the CBJ goal of making Juneau less expensive for young families while retaining protection for a significant component of the senior exemption.

Second, the Chamber will oppose any change to the Out of Borough Exemption. Such a change would slant the playing field significantly away from Juneau merchants who must compete with Seattle and other Southeast Alaska-based businesses whose customers do not have to pay tax on similar sales. This change would disproportionately be borne by Juneau merchants and make Juneau a much less attractive shopping destination. Further, the Chamber believes changing this exemption will have the effect of reducing Juneau sales which in turn would be counter-productive to the goal of raising sales tax revenue.

Third, the Chamber supports a modest increase to the $7,500 sales tax cap on individual sales. Given the length of time since the cap amount was instituted, an adjustment to a higher level seems reasonable given price inflation. While we haven't specifically developed a new cap number, based on input from our members, we believe an increase to approximately $10,000 is reasonable. We also would like the CBJ to consider phasing any increase over a period of years.

Fourth, we believe the senior exemption should be repealed and replaced as discussed above. The Chamber is hesitant to support changing the senior exemption to a needs-based system or to limit it to food, home electricity, and home heating fuel and propane if a broad-based solution combined with an increase in the annual sales tax is not adopted a due to the resulting administrative and bureaucratic cost to the City to administer a needs-based exemption program or a needs-based rebate program. We are also concerned that many seniors may not want to divulge financial information in a needs-based program and thereby forgo the exemption when it would be available to them.

Fifth, the Chamber will oppose a seasonal sales tax as this unduly targets the tourist industry and Juneau residents when so many people engage in home improvement and other summer-related buying. An increase in the sales tax should be annual.

Finally, going forward the CBJ must live within its means. The Chamber makes the above recommendations for additional revenue but will be very reticent to support future tax increases. CBJ must adopt a long-term planning view when it comes to making spending and revenue decisions. The two-year budget cycle approach is too short-term. Unless some change to the senior exemption is made, any short term benefit in raising other revenue will be consumed by the increasing senior population in a few short years.

We will continue to monitor the progress of the TERC and its recommendations to the Assembly and expect to provide additional comments as concrete proposals are adopted by the TERC and Assembly. We appreciate the assistance and time that Mr. Bartholomew and Mr. Singletary have provided on this issue.

Thank you for your service and for tackling this very complex and difficult matter.

Sincerely,

Max E. Mertz, CPA
President, Juneau Chamber of Commerce

September 8, 2008

MOTION: The formation of an Assembly task force to work with staff to study the removal of CBJ sales tax on food and report its findings to the Assembly Finance Committee.

PURPOSE:

- The purpose of this motion is to encourage Assembly evaluation of assessment of sales tax and use of sales tax revenues given the current economic climate in Juneau and its impact on local residents.

  Costs of necessary items like produce, meat, and dairy have risen over the past year due to higher costs of fuel and shifts in farm production methods. Juneau residents—especially those at or below the median family income—have suffered for the last several years with high rent or high mortgages. Home heating oil costs have tripled, and we are entering the winter months.

  Despite the generous Band-Aid of state PFD and energy relief checks, now is the time for the CBJ Assembly to review its <u>need</u> for a sales tax on food and its principles for doing so. Many states and municipalities do not tax food, seeing it as a last resort for municipal fundraising. The Assembly should evaluate whether it truly needs to raise money from its residents by increasing the already-high cost of basic groceries—or if we can openly admit that we truly can't afford to run city government without taxing food.

KEY CONSIDERATIONS:

- The task force would ideally report to Finance Committee at or around the same time as the current task force studying fuel tax (Sanford, Wanamaker) so both can be considered in tandem as part of a comprehensive Assembly evaluation of sales tax assessments on necessary items.

- The task force would work with CBJ Finance Department to consider the following:
  - Definition of "food" as it pertains to CBJ sales tax (consumables, WIC or Food Stamp qualified items, restaurant items, deli items, pre-packaged items, etc.)
  - Impact of the removal of sales tax from these various definitions of "food"
  - Strategies for absorbing the loss of revenue if one or more definitions were removed from the sales tax rolls

- The task force would ideally be comprised of three Assemblymembers

- The task force would set a goal date for reporting to Finance Committee so it can be held accountable for its work within a reasonable period of time.

Thank you for you thoughtful consideration of this motion.

Respectfully,

Sara Chambers
Assemblymember
City and Borough of Juneau

Ordinance 2021-08(b)(am)(X)
Manager's Report

An Ordinance Appropriating $20,000,000 to the Manager for the Planning, Design, and Construction of Bond-Funded Capital Improvement Projects at Bartlett Regional Hospital, and Deappropriating $4,000,000 from the Manager for the Crisis Stabilization Capital Improvement Project; Funding Provided by Hospital Revenue Bond Proceeds.

This ordinance would appropriate $20,000,000 of bond proceeds for the planning, design, and construction of the following projects at Bartlett Regional Hospital (BRH):

Emergency Department Addition (CIP B55-083)	$12,000,000
Crisis Stabilization Center (CIP B55-080)	$ 8,000,000

This ordinance deappropriates $4,000,000 of BRH fund balance was previously appropriated to partially fund the Crisis Stabilization CIP. The net effect is a shift of costs from BRH fund balance to bond proceeds, which preserves BRH fund balance for other uses.

The Hospital Board and Assembly Finance Committee have approved the debt issuance which is expected to close in mid-April.

Presented by:	The Manager
Introduced:	February 7, 2022
Drafted by:	Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2021-08(b)(am)(X)

An Ordinance Appropriating $20,000,000 to the Manager for the Planning, Design, and Construction of Bond-Funded Capital Improvement Projects at Bartlett Regional Hospital, and Deappropriating $4,000,000 from the Manager for the Crisis Stabilization Capital Improvement Project; Funding Provided by Hospital Revenue Bond Proceeds.

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. Appropriation. There is appropriated to the Manager the sum of $20,000,000 as funding for the planning, design, and construction of the following bond-funded capital improvement projects:

B55-083	Emergency Department Addition	$ 12,000,000
B55-080	Crisis Stabilization Center	$ 8,000,000

Section 3. Deappropriation. There is deappropriated from the Manager the sum of $4,000,000 for the Crisis Stabilization Capital Improvement Project.

Section 4. Source of Funds

Hospital Funds	($ 4,000,000)
Hospital Revenue Bond Proceeds	$ 20,000,000

Section 5. Effective Date. This ordinance shall become effective upon adoption.

Adopted this ________ day of ____________, 2022.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk

Ordinance 2021-08(b)(am)(Y)
Manager's Report

An Ordinance Appropriating $25,000 to the Manager for a Grant to Sealaska Heritage Institute for the 2022 Celebration Event; Funding Provided by General Funds.

This ordinance would appropriate $25,000 of general funds for a grant to Sealaska Heritage Institute to support the 2022 Celebration event. Due to uncertainty surrounding the pandemic, this grant was removed from the fiscal year 2022 budget. Prior to this fiscal year, funding for this event has been included biennially in past budgets, and a similar grant will be included biennially in future budgets.

Presented by: The Manager
Introduced: February 7, 2022
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2021-08(b)(am)(Y)

An Ordinance Appropriating $25,000 to the Manager for a Grant to Sealaska Heritage Institute for the 2022 Celebration Event; Funding Provided by General Funds.

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. Appropriation. There is appropriated to the Manager the sum of $25,000 for a grant to Sealaska Heritage Institute for the 2022 Celebration event.

Section 3. Source of Funds

General Funds $25,000

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

Adopted this ________ day of ____________, 2022.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk

SEALASKA HERITAGE

December 3, 2021

Mayor Beth Weldon
City & Borough of Juneau
155 S. Seward St.
Juneau, Alaska 99801

Dear Mayor Weldon and CBJ Assembly members,

Sealaska Heritage Institute (SHI) is again preparing for Celebration. I am writing to request fiscal support from the City & Borough of Juneau (CBJ) for one of the most monumental economic and cultural events in Juneau. A contribution of $25,000 from the CBJ would generate even greater returns for our community.

Celebration 2022: Celebrating 10,000 Years of Cultural Survival is scheduled in-person June 8-11, 2022. While COVID-19 mitigation strategies may make Celebration a little different, we hope all look forward to convening in-person again. The influx of visitors generates an economic impact of $2,200,000 for Juneau in hospitality revenue, sales tax, and other activity. Celebration also furthers our mutual goal of making Juneau the Northwest Coast Arts capital of the world.

We are grateful for the CBJ's consistent support of Celebration as it has grown from an event with humble beginnings 40 years ago. Today, Celebration hosts a Native Arts market, Juried Art Show, Native Fashion Show, arts and language workshops, and more. This upcoming Celebration, we will also host the grand opening of the Sealaska Heritage Arts Campus in downtown's Heritage Square.

I respectfully request a contribution of $25,000 from the City & Borough of Juneau and appreciate your consideration.

Sincerely,

Rosita Worl

Rosita Kaaháni Worl, Ph.D.
President

105 S. Seward St. Suite 201 | Juneau AK, 99801 | 907-463-4844 | sealaskaheritage.org

Ordinance 2021-08(b)(am)(Z) - Requested by Bryson
Manager's Report

An Ordinance Appropriating $2,000,000 to the Manager for the Purchase of a Used Gondola for Eaglecrest Ski Area; Funding Provided by General Funds.

Eaglecrest staff has identified a used gondola (an aerial mountain lift with enclosed cars as opposed to open chairs) in Austria that can be purchased for $2,000,000; inclusive of the shipping to Juneau. The gondola is appropriately sized and scaled for installation at Eaglecrest to facilitate all-season access to the top of the mountain. This ordinance would appropriate general funds for the purpose of purchasing the gondola and getting it delivered to Juneau. Once received, the gondola could not be installed until Eaglecrest secures additional funding for the necessary mountain improvements—including the base station, towers, and summit station—necessary to facilitate the installation, estimated to be an additional $4,500,000.

Presented by: The Manager
Introduced: February 7, 2022
Drafted by: Finance

ORDINANCE OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 2021-08(b)(am)(Z)

An Ordinance Appropriating $2,000,000 to the Manager for the Purchase of a Used Gondola for Eaglecrest Ski Area; Funding Provided by General Funds.

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. Appropriation. There is appropriated to the Manager the sum of $2,000,000 for the purchase of a used gondola at Eaglecrest Ski Area.

Section 3. Source of Funds

General Funds	$2,000,000

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

Adopted this ________ day of ____________, 2022.

____
Beth A. Weldon, Mayor

Attest:

____
Elizabeth J. McEwen, Municipal Clerk

City and Borough of Juneau
Assembly Finance Committee (AFC)
FY23 Proposed Budget Calendar and Key Dates – as of January 28, 2022

April 4th – 7:00 pm – Regular Assembly (Intro)
A. CBJ Budget Ordinance 2022-06
B. School District Budget Ordinance 2022-07
C. Mill Levy Ordinance 2022-08
D. CIP Resolution 2975

April 6th – 5:30 pm – AFC Meeting #1
A. Summary of FY2023 Proposed Budget
B. Overview of Major Revenues
C. Assessors Valuation Report
D. Overview of Debt Service
E. Proposed Mill Rate
F. Cost Allocation Overview

April 13th – 5:30 pm – AFC Meeting #2
A. School District Budget
B. Capital Improvement Plan – For Review

April 20th – 5:30 pm – AFC Meeting #3
A. Juneau International Airport
B. Bartlett Regional Hospital
C. Eaglecrest

April 27th – 5:30 pm – Special Assembly
A. CBJ Budget Ordinance 2022-06
B. School District Budget Ordinance 2022-07
C. CIP Resolution 2975
D. Mill Levy Ordinance 2022-08
E. Motion to Establish Local Funding for School District Operations

April 27th – 5:30 pm – AFC Meeting #4
A. Docks & Harbors
B. Passenger Fee Plan – For Review
C. Hotel-Bed Tax Funding
D. Travel Juneau

May 4th – 5:30 pm – AFC Meeting #5
A. Passenger Fee Plan – For Action
B. Juneau Community Foundation
C. Juneau Economic Development Council
D. Juneau Arts and Humanities Council
E. Downtown Business Association
F. Alaska Heat Smart

May 11th – 5:30 pm – AFC Meeting #6
A. School District Budget – For Action
B. Capital Improvement Plan – For Action
C. Decision List

May 16th – 7:00 pm – Regular Assembly
A. Adoption of the School District's Budget Ordinance 2022-07

May 18th – 5:30 pm – AFC Meeting #7
A. Decision List – For Final Action
B. Set Mill Rates – For Final Action
C. Final FY23 Revised Budget Decisions
   a. CIP Resolution 2975
   b. Mill Levy Ordinance 2022-08
   c. CBJ Budget Ordinance 2022-06

May 25th – Break

June 1st – 6:00 pm – Regular Business AFC
A. TBD

June 13th – 7:00 pm – Regular Assembly (Adoption)
A. CBJ Budget Ordinance 2022-06
B. Mill Levy Ordinance 2022-08
C. CIP Resolution 2975

Public hearings on the budget must be completed by May 1, per Charter Section 9.6

Assembly must determine school district instructional funding and notify district within 30 days of receipt of district budget (Charter Section 13.6(b))

Assembly must appropriate school district funding by May 31 (Chart Section 13.6(b))

Assembly must adopt Operating Budget, Mill Levy, and Capital Improvement Plan by June 15th or the manager's proposal is deemed adopted (Charter Section 9.7 & 9.8)

City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-5240| Facsimile: 586-5385

TO: Chair Triem and Assembly Finance Committee DATE: January 31, 2022

FROM: Rorie Watt, City Manager

RE: Fund Balance Usage

On the 2/2 Agenda, you have an Ordinance that would authorize $2M for the purchase of a used gondola for Eaglecrest. I imagine that this request will spur questions about other potential uses of fund balance, similar to the conceptual discussion suggested at the 11/29/21 PWFC.

Currently, the CBJ has approximately $27M of General Fund (GF) fund balance. Of this amount, some should be kept as a cash reserve, a hedge against under performance of the economy (and therefore a drop in sales tax), in reserve for future project requests or for use in concert with proposed allocations of the FY23 CIP and/or the likely upcoming 1% Sales Tax renewal this fall. The CBJ also maintains the separate Restricted Budget Reserve of approximately $16M, this RBR was created as a hedge against a precipitous decline in the economy. Because of the RBR, in my opinion a GF fund balance of a minimum of $5M and as much as $10M is prudent.

I don't see any reason that the Assembly couldn't comfortably allocate up to $15M now to advance its stated community goals. For more cautious members, an allocation of this amount could always be pulled back (frankly, it takes time to spend money) if, for example, the cruise ship season precipitously failed to materialize.

To help the body start an in context discussion, I propose you use as a starting point the following allocation:

Restricted Budget Reserve	$1M
Deferred Building Maintenance (CBJ)	$3M
School District Building Maintenance	$2M
Parks Deferred Maintenance	$0.5M
Affordable Housing Fund	$3M
Lemon Creek Multi-Modal Path (match for grants)	$1M
Channel Crossing (partial funding for continued DOT collaboration)	$0.5M
New City Hall or City Hall Renovations (partial funding)	$2M
Total:	$13M

These allocations would support the Assembly goals and its legislative priority list and reduce some pressure to fund these good ideas in the upcoming budget, leaving the Assembly future flexibility. Because of the size of general fund balance, there is plenty of room for the Assembly to make further allocations during this calendar year.

Recommendation:

Decide how much process is necessary and forward an appropriation Ordinance to the Assembly for action. As this list conforms to CBJ's goals, you could do so tonight and receive comment at public hearing. Side note, some of the ongoing JSD projects (roofs) have funding gaps with timing issues.