CITY OF SEWARD, ALASKA

HARBOR IMPROVEMENT REVENUE BONDS, 2026

RESOLUTION 2026-011

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, PROVIDING FOR THE ISSUANCE OF HARBOR IMPROVEMENT REVENUE BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED $13,000,000 FOR THE PURPOSE OF ACQUIRING, CONSTRUCTING AND INSTALLING ADDITIONS AND IMPROVEMENTS TO THE CITY OF SEWARD SMALL BOAT HARBOR, INCLUDING A HARBORMASTERS BUILDING AND IMPROVEMENTS TO THE SOUTH HARBOR UPLANDS, FUNDING THE RESERVE ACCOUNT TO THE RESERVE REQUIREMENT, AND PAYING THE COSTS OF ISSUANCE OF THE BONDS; PROVIDING FOR THE DATE, FORM, TERMS, MATURITIES AND MANNER OF SALE OF THE BONDS; PROVIDING A METHOD OF PAYMENT THEREFOR; FIXING CERTAIN COVENANTS AND PROTECTIVE PROVISIONS SAFEGUARDING THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; AND RESERVING THE RIGHT TO ISSUE ADDITIONAL HARBOR IMPROVEMENT REVENUE BONDS ON PARITY WITH SUCH BONDS UPON COMPLIANCE WITH CERTAIN CONDITIONS.

Approved: January 26, 2026

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WHEREAS, the City of Seward, Alaska (the "**City**") is a home rule city and under Section 11 of Article X of the Alaska Constitution may exercise all legislative power not prohibited by law or the Charter of the City (the "**Charter**"), and it has been determined that the matters set forth in this Resolution are not prohibited by law or the Charter; and

WHEREAS, pursuant to Chapter 7.10 of the City Code, the City owns, operates and maintains the City of Seward Small Boat Harbor, which are in need of certain additions, improvements and extensions, including a new Harbormasters Building and certain improvements to the South Harbor Uplands (as further described herein, the "**Project**"), and the City Council (the "**Council**") deems it necessary and advisable that the Project is undertaken; and

WHEREAS, the Alaska Constitution, statutes of the State of Alaska (the "**State**") and Section 11.1(a) of the Charter permit the Council to authorize the City, without ratification by the qualified electors of the City, to issue revenue bonds to finance any project that serves a public purpose, which bonds are secured only by revenues of the project or public enterprise of the City and which do not constitute a debt or a pledge of the faith and credit or taxing power of the City; and

WHEREAS, to provide a portion of the funds to pay the costs of the Project, it is deemed necessary and advisable by the Council to issue and sell its harbor improvement revenue bonds in the aggregate principal amount of not to exceed $13,000,000 (the "**Bonds**"); and

WHEREAS, the Council finds that it is in the best interest of the City to sell the bonds herein authorized in one or more series to the Alaska Municipal Bond Bank (the "**Bond Bank**") on the terms and conditions set forth herein and in a loan agreement between the City and the Bond Bank, as authorized by this Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SEWARD, ALASKA:

SECTION 1. DEFINITIONS.

As used in this Resolution, unless a different meaning clearly appears from the context, the following words shall have the following meanings:

"Accreted Value" means with respect to any Capital Appreciation Bonds, as of any date of calculation, the sum of the amount set forth in the proceedings authorizing their issuance as the amount representing the initial principal amount of such Capital Appreciation Bonds plus the interest accumulated, compounded and unpaid thereon as of the most recent compounding date. The Accreted Value shall be determined in accordance with the provisions of the resolution authorizing the issuance of such Balloon Maturity Bonds.

"Annual Debt Service" means the total amount of Debt Service for any Parity Bond or series of Parity Bonds or other evidences of indebtedness payable from Pledged Revenues in any fiscal year.

"Annual Income Available for Revenue Bond Debt Service" shall be determined by adding the following: (a) the historical Pledged Revenues for any 12 consecutive months out of the 24 months immediately preceding the month of delivery of the Future Parity Bonds being issued; (b) the estimated annual Pledged Revenues to be derived from the operation of any additions or improvements to or extensions of the City of Seward Small Boat Harbor under construction but not completed at the time of such calculation, and not being paid for out of the proceeds of sale of such Future Parity Bonds being issued, and which Pledged Revenues are not otherwise included in any of the sources of Pledged Revenues described in this definition; and (c) the estimated Pledged Revenues to be derived from the operation of any additions and improvements to or extensions of the City of Seward Small Boat Harbor being paid for out of the proceeds of sale of such Future Parity Bonds being issued. The computation of "*Annual Income Available for Revenue Bond Debt Service*" shall be adjusted to reflect the Passenger Fees effective on the date of such calculation or approved by the regulatory authority with jurisdiction to become effective thereafter if there has been any change in such rates and charges put into effect or so approved during or after such 12-consecutive month base period referenced in (a) of this definition.

"Balloon Maturity Bonds" means any evidences of indebtedness of the City payable from Pledged Revenues which are so designated in the proceedings pursuant to which such indebtedness is incurred.

"Bonds" means the not to exceed $13,000,000 par value City of Seward, Alaska, Harbor Improvement Revenue Bonds, 2026 authorized to be issued in one or more series pursuant to this Resolution.

"Bond Bank" means the Alaska Municipal Bond Bank, a public corporation and instrumentality of the State of Alaska, created pursuant to the provisions of Chapter 85, Title 44, Alaska Statutes, as amended.

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

"Bond Fund" means the "Harbor Improvement Revenue Bond Account" maintained in the office of the City Finance Director.

"Bond Register" means the registration books for the Bonds, maintained by the Bond Registrar, for the purpose of complying with the requirements of the Code and listing, inter alia, the names and addresses of all registered owners of the Bonds.

"Bond Registrar" means the City Finance Director, or such successor in function as the City Finance Director may designate, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, and paying the principal of and interest on the Bonds.

"Capital Appreciation Bonds" means any Future Parity Bonds, all or a portion of the interest on which is compounded, accumulated and payable only upon redemption or on the maturity date of such Capital Appreciation Bonds. If so provided in the proceedings authorizing their issuance, Future Parity Bonds may be deemed to be Capital Appreciation Bonds for only a portion of their term. On the date on which Future Parity Bonds no longer are Capital Appreciation Bonds, they shall be deemed outstanding in a principal amount equal to their Accreted Value.

"City" means the City of Seward, Alaska, a municipal corporation organized and existing under the Charter, the Constitution and laws of the State of Alaska.

"City Finance Director" means the Finance Director of the City or her successors or assigns.

"City Manager" means the City Manager of the City or her successors or assigns.

"City Representative" means the City Manager, the City Finance Director, the Mayor, or such other official or employee of the City designated in writing by the City Manager.

"Charter" means the Home Rule Charter of the City, as the same may be amended from time to time.

"Code" means the United States Internal Revenue Code of 1986, as amended, together with all applicable rulings and regulations heretofore or hereafter promulgated thereunder.

"**Commercial Passenger Vessel Tax Funds**" means the excise tax imposed by the State pursuant to AK Stat. §§ 43.52.200-.295, as amended from time to time, on passengers traveling on commercial passenger vessels providing overnight accommodations that anchor or moor on the State's marine water with the intent to allow passengers to embark or disembark, which is allocated, remitted or otherwise payable to the City from such tax pursuant to State law.

"Consultant" means at any time an independent municipal financial consultant appointed by the City to perform the duties of the Consultant as required by this Resolution. For the purposes of delivering any certificate required by Section 15 hereof and making the calculation required by Section 15 hereof, the term Consultant shall also include any independent public accounting firm appointed by the City to make such calculation or to provide such certificate.

"Consulting Engineer" means an independent consulting engineer or engineering firm licensed to practice in the State.

"Council" means the City Council of the City, which is the general legislative authority of the City, as the same may be constituted from time to time.

"Credit Facility" means any Qualified Letter of Credit or Qualified Insurance.

"Debt Service" means, for any period of time,

(1) with respect to any outstanding Capital Appreciation Bonds which are not designated as Balloon Maturity Bonds in the proceedings authorizing their issuance, the principal amount thereof shall be equal to the Accreted Value thereof maturing or scheduled for redemption in such period, and the interest payable during such period;

(2) with respect to any outstanding Fixed Rate Bonds, an amount equal to (a) the principal amount of such Fixed Rate Bonds due or subject to mandatory redemption during such period and for which no sinking fund installments have been established, (b) the amount of any payments required to be made during such period into any sinking fund established for the payment of any such Fixed Rate Bonds, plus (c) all interest payable during such period on any such outstanding Fixed Rate Bonds and with respect to Fixed Rate Bonds with mandatory sinking fund requirements, calculated on the assumption that mandatory sinking fund installments will be applied to the redemption or retirement of such Fixed Rate Bonds on the date specified in the proceedings authorizing such Fixed Rate Bonds; and

(3) with respect to all other series of Parity Bonds, other than Fixed Rate Bonds, Capital Appreciation Bonds, specifically including but not limited to Balloon Maturity Bonds and Parity Bonds bearing variable rates of interest, an amount for any period equal to the amount which would have been payable for principal and interest on such Parity Bonds during such period computed on the assumption that the amount of Parity Bonds as of the date of such computation would be amortized (a) in accordance with the mandatory redemption provisions, if any, set forth in the proceedings authorizing the issuance of such Parity Bonds, or if mandatory redemption provisions are not provided, during a period commencing on the date of computation and ending on the date 30 years after the date of issuance (b) at an interest rate equal to the yield to maturity set forth in the 40-Bond Index published in the edition of *The Bond Buyer* (or comparable publication or such other similar index selected by the City) and published within ten days prior to the date of calculation or, if such calculation is being made in connection with the certificate required by Section 15 hereof, then within ten days of such certificate, (c) to provide for essentially level annual debt service of principal and interest over such period. Debt Service shall be net of any interest funded out of Bond proceeds. Debt Service shall include reimbursement obligations to providers of Credit Facilities to the extent authorized by ordinance or resolution.

"Federal Tax Certificate" means the certificate(s) executed on behalf of the City upon the issuance of the Bonds and including certain representations regarding the use and application of the Bond proceeds and the payment of rebatable arbitrage, if any, with respect to the Bonds.

"Fitch" means Fitch Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *Fitch* shall be deemed to refer to any other nationally recognized securities rating agency designated by the City Representative.

"Fixed Rate Bonds" means those Parity Bonds other than Capital Appreciation Bonds or Balloon Maturity Bonds issued under a resolution in which the rate of interest on such Parity Bonds is fixed and determinable through their final maturity or for a specified period of time. If so provided in the proceedings authorizing their issuance, Parity Bonds may be deemed to be Fixed Rate Bonds for only a portion of their term.

"Future Parity Bonds" means any revenue bonds which the City may hereafter issue having a lien upon the Pledged Revenues for the payment of the principal thereof and interest thereon equal to the lien of the Bonds upon the Pledged Revenues.

"Government Obligations" means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and bank certificates of deposit secured by such obligations.

"**Harbor Enterprise Fund**" means the fund of that name maintained in the office of the City Finance Director.

"Loan Agreement" means the Loan Agreement for the Bonds by and between the City and the Bond Bank authorized to be entered into pursuant to Section 9 of this Resolution.

"Maximum Annual Debt Service" means highest dollar amount of Annual Debt Service in any fiscal year for all outstanding Parity Bonds and/or for all subordinate lien evidences of indebtedness secured by Pledged Revenues, as the context requires.

"Moody's" means Moody's Ratings, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *Moody's* shall be deemed to refer to any other nationally recognized securities rating agency designated by the City Representative.

"Net Revenues" means, for any fiscal year or other period of time, all amounts received by the City and deposited into the Harbor Enterprise Fund, and interest and profits derived from the investment of moneys held therein during such period, less Operating Expenses for such period.

"Operating Expenses" means, for any fiscal year or other period of time, the expenses incurred for operation, maintenance, or repair of the Small Boat Harbor of a non-capital nature. Operating Expenses shall not include any allowances for depreciation or amortization or any principal, redemption price or purchase price of, or interest on, any obligations of the City incurred in connection with and payable from Pledged Revenues or any fee or charge in lieu of City taxes.

"Parity Bonds" means the Bonds and any Future Parity Bonds.

"Passenger Fees" means all passenger fees imposed by the City with respect to embarking or debarking a vessel at any City Dock, as described in the Port and Harbor Tariff of the City.

"Pledged Revenues" means Net Revenues and Passenger Fees and interest received and profits derived from the investment of moneys obtained from moneys held in any fund solely to pay or secure the payment of any Bonds issued under this Resolution.

"**Principal and Interest Account**" means the subaccount of that name created within the Bond Fund pursuant to Section 8 of this Resolution.

"Project" means, certain additions, improvements and extensions to the City of Seward Small Boat Harbor, including a new Harbormasters Building and certain improvements to the South Harbo Uplands, funding the Reserve Account to the Reserve Requirement, and paying the costs of issuance of the Bonds.

"Project Fund" means the "Project Fund" created pursuant to Section 12 of this Resolution.

"Qualified Insurance" means any non-cancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in one of the two highest Rating Categories by two of the Rating Agencies.

"Qualified Letter of Credit" means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of registered owners of the Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is currently rated in one of the two highest Rating Categories by a Rating Agency.

"Rating Agency" means Moody's, S&P or Fitch.

"Rating Category" means the generic rating categories of the Rating Agency, without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

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

"Reserve Account" means the Reserve Account created in the Bond Fund pursuant to Section 8 of this Resolution.

"Reserve Requirement" means, with respect to Parity Bonds outstanding, the lesser of (a) 125% of Average Annual Debt Service, (b) 10% of the net proceeds of each series of Parity Bonds secured by the Reserve Account, or (c) Maximum Annual Debt Service.

"S&P" means S&P Global Ratings, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, *S&P* shall be deemed to refer to any other nationally recognized securities rating agency designated by the City Representative.

"State" means the State of Alaska.

Rules of Interpretation. In this Resolution, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein, "hereunder" and any similar terms, as used in this Resolution, refer to this Resolution as a whole and not to any particular article,

section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this Resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several sections of this Resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Resolution, nor shall they affect its meaning, construction or effect;

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Words importing the singular number include the plural number and vice versa.

SECTION 2. THE PROJECT.

The Council hereby ratifies and approves certain additions, improvements and extensions to the City of Seward Small Boat Harbor, including a new Harbormasters Building and certain improvements to the Harbor South Uplands, funding the Reserve Account to the Reserve Requirement, and paying the costs of issuance of the Bonds (as previously defined, the "**Project**"). The Project has and will be undertaken in accordance with specifications and contracts for acquisition and construction approved by the Council from time to time.

It is hereby provided that said Project shall be subject to such changes as to details of design or any other details of said Project as may be authorized by the Council either prior to or during the actual course of construction.

The City may proceed with the construction and installation of the Project as herein authorized, either alone or in conjunction with the construction of other facilities, and in whole, or in successive parts or units from time to time as may be found advisable.

SECTION 3. COSTS OF THE PROJECT.

The estimated cost of the Project is hereby declared to be, as near as may be, the sum of up to approximately $14,700,000 which is expected to be paid from federal funds and Commercial Passenger Vessel Tax Funds in the approximate amount of $2,750,000, in addition to the proceeds of the Bonds.

SECTION 4. AUTHORIZATION OF BONDS.

(a) *Authorization.* The City shall issue and sell not to exceed $13,000,000 of its harbor improvement revenue bonds (the "**Bonds**") in one or more series for the purpose of providing a portion of financing for the construction of the Project, funding the Reserve Account to the Reserve Requirement, and paying the costs of issuance of the Bonds.

(b) *Bond Details.* The Bonds shall be designated as the "City of Seward, Alaska Harbor Improvement Revenue Bonds, 2026," shall be dated as of the date established pursuant to Section 9, shall be fully registered as to both principal and interest, shall be in denomination of $5,000 each, or any integral multiple thereof, shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification, and shall bear interest from their date payable on the dates set forth in the approved Loan Agreement, and shall come due on the dates and in the amounts as set forth in the approved Loan Agreement.

If the Bonds are sold in more than one series, the Bonds issued in all series issued pursuant to this Resolution shall provide no more than $13,000,000 in aggregate principal amount.

SECTION 5. REGISTRATION, EXCHANGE AND PAYMENTS.

The City Finance Director shall initially act as authenticating agent, paying agent and registrar for the Bonds (collectively, the "**Bond Registrar**"). The principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. Interest on the Bonds shall be paid by check or draft of the Bond Registrar mailed (on the date such interest is due) to the Registered Owners or nominees at the addresses appearing on the Bond Register on the fifteenth day of the month preceding each interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds to the Bond Registrar by the registered owners or nominees at the office of the Bond Registrar. Notwithstanding the foregoing, so long as the Bond Bank is the Registered Owner of the Bonds, payments of principal of and interest on the Bonds shall be made to the Bond Bank in accordance with each Loan Agreement.

The Bonds may be transferred only on the Bond Register maintained by the Bond Registrar for that purpose upon the surrender thereof by the registered owner or nominee or his/her duly authorized agent and only if endorsed in the manner provided thereon, and thereupon a new fully registered Bond of like series, principal amount, maturity and interest rates shall be issued to the transferee in exchange therefor. Upon surrender thereof to the Bond Registrar, the Bond is interchangeable for a bond or bonds in any authorized denomination of an equal aggregate principal amount and of the same series, interest rates and maturities. Such transfer or exchange shall be without cost to the Registered Owner or transferee.

The City may deem the person in whose name each Bond is registered to be the absolute owner thereof for the purpose of receiving payment of the principal of and interest on such Bond and for any and all other purposes whatsoever.

SECTION 6. PREPAYMENT AND REDEMPTION.

(a) *Optional Prepayment.* Provisions for the optional prepayment of some or all principal installments of the Bonds may be established pursuant to Section 9 of this Resolution and shall be set forth in the Loan Agreement.

(b) *Notice of Redemption; Payment of Redeemed Bonds.* So long as the Bond Bank is the owner of the Bonds, notice of prepayment shall be given according to the terms of the Loan Agreement. If the Bond Bank is not the owner of the Bonds, notice of prepayment shall be given not less than 20 nor more than 60 days prior to the date fixed for prepayment by first class mail, postage prepaid, to the Registered Owners of the Bonds at the addresses appearing on the Bond Register. The requirements of this section shall be deemed complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the owners of the Bonds.

Each official notice of prepayment shall be dated and shall state: (i) the prepayment date, (ii) the prepayment price or prepayment premium, if any, payable upon such prepayment; (iii) if less than all of an installment of principal is to be prepaid, the principal amount to be prepaid (which must be an integral multiple of $5,000); (iv) that the interest on the Bonds, or on the principal amount thereof to be prepaid, designated for prepayment in such notice, shall cease to accrue from and after such prepayment date; and (v) that on such date there will become due and payable on the Bonds the principal amount thereof to be prepaid and the interest accrued on such principal amount to the prepayment date.

SECTION 7. PRIORITY OF PAYMENTS FROM HARBOR ENTERPRISE FUND.

There is maintained a special revenue fund of the City known as the "Harbor Enterprise Fund" into which all Pledged Revenues are deposited. All Pledged Revenues shall be deposited in the Harbor Enterprise Fund. The Harbor Enterprise Fund shall be held separate and apart from all other funds and accounts of the City and the Pledged Revenues deposited in such fund shall be used only for the following purposes and in the following order of priority:

First, to pay the Operating Expenses, to the extent not already paid;

Second, to pay the interest on any Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance secures the payment of interest on Parity Bonds and the proceedings authorizing such Parity Bonds provides for such reimbursement;

Third, to pay the principal of any Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance secures the payment of principal of Parity Bonds and the proceedings authorizing such Parity Bonds provides for such reimbursement;

Fourth, to make all payments required to be made into the Reserve Account to secure the payment of the principal of and interest on the Bonds and to make all payments required to be made into any reserve account hereafter established to secure the payment of the principal of or interest on any Future Parity Bonds, including reimbursements to the issuer of a Qualified Letter of Credit or Qualified Insurance if the Qualified Letter of Credit or Qualified Insurance fulfills the Reserve

Requirement in whole or in part and the proceedings authorizing such Parity Bonds provides for such reimbursement;

Fifth, to make all payments required to be made into any revenue bond redemption fund or revenue warrant redemption fund and debt service fund or reserve fund created to pay and secure the payment of the principal of and interest on any other revenue bonds or revenue warrants of the City having a lien upon the Pledged Revenues junior and inferior to the lien thereon for the payment of the principal of and interest on Parity Bonds; and

Sixth, to make all required payments of charges or fees in lieu of City taxes; and

Seventh, to retire by redemption or purchase any outstanding revenue bonds or revenue warrants of the City, and/or to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the City of Seward Small Boat Harbor, or for any other lawful City purposes.

SECTION 8. BOND FUND.

A special account of the City designated as the "Harbor Improvement Revenue Bond Account" (the "**Bond Fund**") is hereby authorized to be created and maintained in the office of the City Finance Director for the purpose of paying and securing the payment of the Bonds and all Parity Bonds. The Bond Fund shall be held separate and apart from all other accounts of the City and shall be a trust account for the owner of Parity Bonds. The Bond Fund shall be divided into two separate accounts: a Principal and Interest Account for the payment of the principal of and interest on Parity Bonds and the payment of redemption premium, if any, whether due at maturity or redemption prior to maturity and a Reserve Account for the purpose of additionally securing the repayment of Parity Bonds.

(a) *Payments Into Principal and Interest Account*. The City Finance Director may direct all or a portion of the original issue premium to be deposited in the Principal and Interest Account.

As long as any Parity Bonds remain outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay from the Harbor Enterprise Fund into the Principal and Interest Account those amounts necessary, together with such other funds as are on hand and available in the Principal and Interest Account, to pay the interest or principal and interest next coming due on outstanding Parity Bonds. Such payments from the Harbor Enterprise Fund shall be made on or prior to the due date for such installment of principal and interest.

(b) *Priority of Lien of Payments into Principal and Interest Account*. Said amounts so pledged to be paid into the Bond Fund with respect to the Bonds are hereby declared to be a prior lien and charge upon the Pledged Revenues superior to all other charges of any kind or nature whatsoever except for costs of operation and maintenance; except that the amounts so pledged are of equal lien to the lien and charge thereon of any Future Parity Bonds.

(c) *Reserve Account.* A Reserve Account (the "**Reserve Account**") is hereby authorized to be created in the Bond Fund for the purpose of securing the payment of the principal of and interest on all Parity Bonds. The City hereby covenants to deposit into the Reserve Account

on the date of issuance of the Bonds from Bond proceeds and/or from funds of the City legally available therefor an amount equal to the Reserve Requirement with respect to the Bonds.

The City further covenants and agrees that when said required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the Reserve Requirement with respect to all outstanding Parity Bonds. Whenever there is an insufficient amount in the Bond Fund, including the Reserve Account and the Principal and Interest Account to pay the principal of and interest on all outstanding Parity Bonds when due, the money in the Reserve Account may be used to pay such principal and interest. Money in the Reserve Account may be withdrawn to redeem and retire, and to pay the interest due to such date of redemption on any outstanding Bonds, so long as the money left remaining on deposit in the Reserve Account is equal to the Reserve Requirement with respect to all outstanding Parity Bonds.

The City may satisfy the Reserve Requirement, in whole or in part with a Qualified Letter of Credit or Qualified Insurance. In making the payments and credits to the Reserve Account required by this subsection (c), to the extent that the City has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Reserve Account, such amounts so covered by Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Reserve Account by this subsection (c) to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution. A Qualified Letter of Credit shall not be cancelable on less than 30 days' notice to the City, and Qualified Insurance shall be noncancellable. In the event of any cancellation of a Qualified Letter of Credit, the Reserve Account shall be funded in accordance with the third paragraph of this subsection (c) as if the Parity Bonds for whose benefit the Qualified Letter of Credit was issued which then remain outstanding had been issued on the date of such notice of cancellation.

In the event that the City elects to meet the Reserve Requirement through the use of a Qualified Letter of Credit, Qualified Insurance or other equivalent credit enhancement device, the City may contract with the entity providing such Qualified Letter of Credit, Qualified Insurance or other equivalent credit enhancement device that the City's reimbursement obligation, if any, to such entity shall be made from Pledged Revenues available after the payments described in Paragraphs First through Fourth in Section 7 hereof have been made.

In the event a deficiency in the Principal and Interest Account shall occur, the deficiency shall be made up from the Reserve Account by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Reserve Account, if necessary, in such amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency, and if a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the City shall then draw from any Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility that secures the Parity Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up within one year of the date of withdrawal from Pledged Revenues after making necessary provision for making the payments described in Paragraphs First through Fourth in Section 7 hereof.

(d) *Application and Investment of Moneys in the Bond Fund*. Money in the Principal and Interest Account not needed to pay the interest or principal installment and interest next coming due on Parity Bonds may be used to prepay Parity Bonds. Money in the Bond Fund therein may be invested in any legal investment for the funds of the City. All interest earned and income derived by virtue of such investments shall remain in the Bond Fund (or respective account therein) and be used to meet the required deposits into any account therein.

SECTION 9. SALE OF BONDS AND LOAN AGREEMENT.

The City Representative is authorized to enter into the Loan Agreement with the Bond Bank. The City Representative is authorized to negotiate and complete the sale of the Bonds in one or more series to the Bond Bank on terms and conditions consistent with this Resolution and the Loan Agreement for the Bonds.

Following the sale of the Bond Bank Bonds for a series of Bonds, such terms and conditions, including the final principal amount, date, principal installment payment schedule, interest rates, payment dates and prepayment provisions, all as provided for in this Resolution, shall be set forth in the Loan Agreement.

SECTION 10. UNDERTAKING TO PROVIDE ONGOING DISCLOSURE.

The City will execute a certificate for ongoing disclosure in form and substance satisfactory to the purchaser of the Bonds, and the City Representative is hereby authorized and directed to execute such certificate.

SECTION 11. INSURANCE.

The Bond Bank may, with the consent of the City and on terms and conditions acceptable to the City, obtain a policy of municipal bond insurance guaranteeing the payment when due of the principal of and interest on a series of the Bond Bank's Bonds issued to provide funds for the loan to the City pursuant to a Loan Agreement. By the Loan Agreement, the City Representative may approve any such policy of municipal bond insurance and authorize all other officers, agents, attorneys, and employees of the City to cooperate with the bond insurer in preparing such additional agreements, certificates, and other documentation on behalf of the City, consistent with this Resolution, as shall be necessary or advisable in providing for such policy of municipal bond insurance.

The City Representative may also obtain a surety policy in order to satisfy the Reserve Requirement on the condition that the surety policy meets the requirements of Qualified Insurance on terms and conditions determined to be acceptable to the City Representative. The City Representative may execute such additional agreements or certificates and provide such documentation to the issuer of such surety policy as shall be necessary or advisable in providing for such surety policy.

In connection with the initial issuance and sale of the Bonds to the Bond Bank, and notwithstanding the provisions of Section 19 of this Resolution to the contrary, the Council may by resolution modify any of the covenants or other provisions of this Resolution as may be required by a provider of bond insurance or a surety policy for the Bond Bank's Bonds.

SECTION 12. DISPOSITION OF PROCEEDS OF THE BONDS.

The City Finance Director may direct that all or a portion of the original issue premium also be deposited in the Principal and Interest Account. Unless the Reserve Requirement is satisfied with a Credit Facility or other revenues, a portion of the Bond proceeds in the amount designated by the City Finance Director shall be deposited in the Reserve Account in order to meet the Reserve Requirement.

A Project Fund (the "**Project Fund**") is hereby authorized to be created and maintained for the purpose of paying certain costs of the Project. The balance of the proceeds of sale of the Bonds of a series shall be deposited in the Project Fund and shall be expended solely to pay the cost of the Project, and pay costs of issuance of the Bonds. Money in the Project Fund shall be invested by the City Finance Director, pending disbursement, in any legal investment for City funds the yield of which can be readily determined in compliance with applicable tax covenants referred to in Section 14(h) below, and interest earnings shall be deposited in the Project Fund.

SECTION 13. DEFEASANCE.

In the event that money and/or noncallable Government Obligations maturing or having guaranteed redemption prices at the option of the holder at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Bonds in accordance with the its terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Bond Fund or any account therein for the payment of the principal of and interest on the Bonds or portion thereof so provided for and the Bonds or portion thereof shall then cease to be entitled to any lien, benefit or security of this Resolution, except the right to receive the accounts so set aside and pledged, and the Bonds or portion thereof shall no longer be deemed to be outstanding hereunder.

SECTION 14. SPECIFIC COVENANTS.

The City hereby covenants and agrees with the owners of the Bonds that for as long as the Bonds remain outstanding as follows:

(a) *Annual Debt Service Covenant*. The City will establish, maintain and collect Passenger Fees and Net Revenues in each fiscal year that will provide Pledged Revenues in an amount equal to the amount of the Annual Debt Service for such year on all outstanding Parity Bonds.

(b) *Maintenance*. The City will at all times maintain and keep the City of Seward Small Boat Harbor in good repair, working order and condition, and also will at all times operate such facilities and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) *Books and Records.* The City will, while the Bonds remain outstanding, keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the City of Seward Small Boat Harbor, and it will furnish the original purchaser or purchasers of the Bonds or any subsequent owner or owners thereof, at the written request of such owner or owners, complete operating and income statements of the City of Seward

Small Boat Harbor in reasonable detail covering any fiscal year, showing the financial condition of the City of Seward Small Boat Harbor and compliance with the terms and conditions of this Resolution, not more than 180 days after the close of such fiscal year, and it will grant any owner or owners of at least 25% of the outstanding Bonds the right at all reasonable times to inspect the entire City of Seward Small Boat Harbor and all records, accounts and data of the City relating thereto. Upon request of any owner of any of said Bonds, it will also furnish to such owner a copy of the most recently completed audit of the City's accounts.

(d) *Insurance.* The City will at all times carry all-risk insurance and such other forms of insurance on such of the buildings, equipment, property and facilities of the City of Seward Small Boat Harbor as are ordinarily insured in such amounts and with such deductibles as under good business practice are ordinarily carried on such buildings, equipment, property and facilities but such insurance shall in all events be in an amount at least equal to the lesser of: (i) 80% of the estimated replacement cost of the insurable parts of the City of Seward Small Boat Harbor or (ii) the aggregate principal amount of the Parity Bonds then outstanding. In addition to the above insurance, the City shall also carry public liability insurance and such other types of insurance as are usually carried by municipal corporations operating like properties. All such insurance shall be carried with responsible insurers and the policies shall be payable to the City.

(e) *Disposition.* The City will not sell or otherwise dispose of the City of Seward Small Boat Harbor unless contemporaneously with such sale or disposal there shall be paid from the Bond Fund a sum sufficient to pay the principal of and interest on all Parity Bonds then outstanding to the date or dates on which they first may be redeemed and all provisions of the Federal Tax Certificate are complied with, nor will it sell or otherwise dispose of any part of the City of Seward Small Boat Harbor which is material to the production of Pledged Revenues unless, in the opinion of a Consulting Engineer, the remaining City of Seward Small Boat Harbor will generate Pledged Revenues sufficient to enable the City to comply with the requirements of this Resolution and each resolution authorizing the issuance of Future Parity Bonds and all provisions of the Federal Tax Certificate are complied with.

(f) *Operation of City of Seward Small Boat Harbor.* The City has, and will while the Bonds remain outstanding, good right and lawful power to operate, maintain, and repair the City of Seward Small Boat Harbor and to fix and collect rates, fees, and other charges related to the City of Seward Small Boat Harbor.

(g) *Other Acts.* The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the laws of the State and this Resolution.

(h) *Tax Covenants.* The City covenants to undertake all actions required to maintain the tax-exempt status of interest on the Bonds under Section 103 of the Code as set forth in the Federal Tax Certificate that will be executed at the closing for the Bonds. The City has not designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

SECTION 15. FUTURE PARITY BONDS

(a) *Conditions upon the Issuance of Future Parity Bonds.* As long as the Bonds remain outstanding, the City hereby further covenants and agrees that it will not issue any obligations having a lien on the Pledged Revenues prior to the lien thereon of the Bonds and further that it will not issue any Future Parity Bonds except in accordance with the conditions of this Section 15. The City hereby reserves the right to issue additional revenue obligations, which shall constitute a charge and lien upon the Pledged Revenues equal to the lien thereon of the Bonds. Except as provided in subsection (b) below, the City shall not issue any series of Future Parity Bonds or incur any additional indebtedness with a parity lien or charge on Pledged Revenues (i.e., on a parity of lien with Parity Bonds at the time outstanding) unless:

1) At the time of issuance of such Future Parity Bonds, the City shall have on file a certificate of a Consultant showing that the Annual Income Available for Revenue Bond Debt Service shall be at least equal to 1.20 times the Maximum Annual Debt Service on all outstanding Parity Bonds and Future Parity Bonds being issued; and

2) The resolution authorizing the issuance of such Future Parity Bonds shall provide that the Reserve Requirement shall be funded no later than the date of delivery of the Future Parity Bonds and shall include the covenants set forth in Section 14 of this Resolution (including the tax covenant, to the extent applicable).

(b) *No Certificate Required.* The certificate described in the foregoing subsection (a)(1) shall *not* be required as a condition to the issuance of Future Parity Bonds:

1) If one-half of the Pledged Revenues, verified from financial statements of the City, for a period of any consecutive two out of the three fiscal years immediately preceding the issuance and delivery of such Future Parity Bonds, was equal to at least 1.20 times the Maximum Annual Debt Service required to be paid in any fiscal year succeeding the date of issuance of such Future Parity Bonds on all outstanding Parity Bonds and the Future Parity Bonds being issued; or

2) If the Future Parity Bonds being issued are for the purpose of refunding outstanding Parity Bonds and the annual debt service requirements for each year in which Parity Bonds are then outstanding are not increased as a result of the refunding.

(c) *Subordinate Lien Obligations.* Nothing herein contained shall prevent the City from issuing revenue bonds or other obligations which are a charge upon the Pledged Revenues junior or inferior to the payments required by this Resolution to be made out of such Pledged Revenue to pay and secure the payment of any outstanding Parity Bonds.

(d) *Refunding Obligations*. Nothing herein contained shall prevent the City from issuing revenue bonds to refund maturing Parity Bonds for the payment of which moneys are not otherwise available.

SECTION 16. LOST, STOLEN OR DESTROYED BONDS.

In case a Bond shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond of like amount, date and tenor to the owner thereof upon the owner's paying the expenses and charges of the Bond Registrar and the City in connection therewith and upon his filing with the Bond Registrar and the City evidence satisfactory to both that such Bond was actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the City and the Bond Registrar with indemnity satisfactory to both.

SECTION 17. FORM OF BONDS AND REGISTRATION CERTIFICATE.

The Bonds shall be in substantially the following form:

NO. _____ $_____

UNITED STATES OF AMERICA

CITY OF SEWARD, ALASKA
HARBOR IMPROVEMENT REVENUE BOND, 2026

INTEREST RATE: See below.

FINAL MATURITY DATE:

REGISTERED OWNER: ALASKA MUNICIPAL BOND BANK

PRINCIPAL AMOUNT:

THE CITY OF SEWARD, ALASKA (the "**City**"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount indicated above in accordance with the installment payment schedule set forth below (unless prepaid prior thereto as provided herein) and to pay interest thereon from _____, 20__, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the interest rates set forth below, payable on _____ 1, 20___ and semiannually thereafter on the first day of each _____ and _____.

Year of Principal Installment Payment (_____ 1)	Principal Installment Amount	Interest Rate
	$	%

Both principal of and interest on this Bond are payable in lawful money of the United States of America. Installments of principal of and interest on this bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of this bond shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office of the City Finance Director (the "**Bond Registrar**"). Notwithstanding the foregoing, so long as the Bond

Bank is the Registered Owner of this Bond, payments of principal of and interest on the Bond shall be made to the Bond Bank in accordance with the Loan Agreement.

This Bond is a harbor improvement revenue bond of the City and is issued pursuant to Resolution No. 2026-011 (the "**Bond Resolution**") for the purpose of making certain improvements to the City of Seward Small Boat Harbor. Capitalized terms not otherwise defined herein have the meaning ascribed thereto in the Bond Resolution.

The Bond is subject to prepayment as described in the Loan Agreement.

The City hereby covenants and agrees with the owner and holder of this Bond that it will keep and perform all the covenants of this Bond and the Bond Resolution.

The City does hereby pledge and bind itself to set aside from such Pledged Revenues, and to pay into said Bond Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund, all within the times provided by said Bond Resolution.

To the extent more particularly provided by the Bond Resolution, the amounts so pledged to be paid from the Harbor Enterprise Fund out of the Pledged Revenues into the Bond Fund and the accounts therein shall be a lien and charge thereon equal in rank to the lien and charge upon said revenue of the amounts required to pay and secure the payment of any harbor improvement revenue bonds of the City hereafter issued on a parity with the bonds of this issue and superior to all other liens and charges of any kind or nature.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

This Bond is not a "private activity bond" as such term is defined in the Internal Revenue Code of 1986, as amended (the "**Code**"). This Bond is not a "qualified tax-exempt obligation" under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

It is hereby certified and declared that this Bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Alaska and ordinances of the City, including the Bond Resolution, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, City of Seward, Alaska, has caused this Bond to be executed by the manual or facsimile signature of the Mayor and countersigned by the manual or facsimile signature of Clerk of the City and the official seal of the City to be impressed or imprinted hereon as of this _____ day of _____, 2026.

CITY OF SEWARD, ALASKA

By Sue McClure
Sue McClure, Mayor

[SEAL]



COUNTERSIGNED:

By Kris Peck
Kris Peck, City Clerk

The Certificate of Authentication for the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This bond is the Harbor Improvement Revenue Bond, 2026 of the City of Seward, Alaska, dated _____, 2026, and described in the within-mentioned Bond Resolution.

CITY OF SEWARD, ALASKA
CITY FINANCE DIRECTOR, as Bond Registrar

By Sully Jusino
Sully Jusino, City Finance Director

SECTION 18. EXECUTION OF BONDS.

The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile signature of the City Clerk, and the seal of the City shall be impressed or a facsimile thereof imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Resolution.

In case either of the officers who shall have executed the Bonds shall cease to be officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. The Bonds may also be signed and attested on behalf of the City by such persons who are at the actual date of

delivery of such Bond the proper officers of the City although at the original date of such Bonds any such person shall not have been such officer of the City.

SECTION 19. SUPPLEMENTS AND AMENDMENTS.

(a) *Without Consent of Owner.* The City from time to time and at any time may adopt a resolution or resolutions supplemental hereof, which resolution or resolutions thereafter shall become a part of this Resolution, for one or more or all of the following purposes:

1) To add to the covenants and agreements of the City in this Resolution contained and other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the owners of the Bonds, or to surrender any rights or power herein reserved to or conferred upon the City.

2) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this Resolution in regard to matters or questions arising under the resolution as the Council may deem necessary or desirable and not inconsistent with the resolution and which shall not adversely affect the interest of the owner of Parity Bonds.

Any such supplemental resolution of the Council may be adopted without the consent of the owner of the Bonds at any time outstanding, notwithstanding any of the provisions of this section.

(b) *With Owner's Consent*. With the consent of the owners of not less than 60% in aggregate principal amount of Parity Bonds at the time outstanding, the Council may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall extend the fixed maturity of the Bonds, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof without the consent of the owner of each Parity Bond so affected.

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

(c) *Effective Date of Modification*. Upon the adoption of any supplemental resolution pursuant to the provisions of this section, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this Resolution shall thereafter be determined, exercised and enforced thereunder, subject in all respect to such modification and amendments, and all the terms and conditions of any such supplemental resolution shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. A copy of each supplemental resolution shall be provided to the owners of the Bonds.

SECTION 20. GENERAL AUTHORIZATION TO MUNICIPAL OFFICIALS.

The proper officials of the City are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bonds to the purchaser upon payment of the purchase price thereof.

SECTION 21. DECLARATION OF OFFICIAL INTENT

The Council presently expresses the intention and reasonably expects that the City will use other legally available funds in connection with financing all or a portion of the Project and that the City will use proceeds of the Bonds in an amount not to exceed $13,000,000 to reimburse the City for these expenditures. It is the intention of the City that this declaration constitute the City's "official intent" within the meaning of Section 1.150-2 of the Treasury Regulations and that the Federal Tax Certificate constitute the "reimbursement allocation" within the meaning of Section 1.150-2 of the Treasury Regulations unless otherwise stated in the Federal Tax Certificate.

SECTION 22. SEVERABILITY

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

SECTION 23. EFFECTIVE DATE

This Resolution shall become effective immediately, provided that no Parity Bonds shall be issued under this Resolution until 30 days from the date hereof.

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APPROVED BY THE CITY COUNCIL OF THE CITY OF SEWARD, ALASKA, THIS 26TH DAY OF JANUARY, 2026.

By Sue McClure
Sue McClure, Mayor

AYES: Osenga, Calhoon, Barnwell, Crites, Warner, Draper, McClure
NOES: None
ABSENT: None
ABSTAIN: None

ATTEST:

Kris Peck

By_____
Kris Peck, City Clerk

CITY OF SEWARD INCORPORATED SEAL JUNE 1, 1912 STATE OF ALASKA