Presented by: The Manager
Presented: 09/14/2026
Drafted by: Law Department

RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Serial No. 4062

A Resolution Adopting the City and Borough of Juneau Debt Policy for Governmental Debt.

WHEREAS, it is best practice for the city and borough to implement a clear and comprehensive debt policy; and

WHEREAS, on September 2, 2026, the Assembly Finance Committee reviewed proposed policy; and

WHEREAS, consistent with the Assembly Finance Committee's direction, this resolution presents the proposed investment policy for assembly action.

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

Section 1. 2026 Debt Policy for Governmental Debt. The attached City and Borough of Juneau Debt Policy for Governmental Debt (Attachment A) is adopted.

Section 2. Effective Date. This resolution shall be effective immediately after its adoption.

Adopted this 14th day of September, 2026.

Beth A. Weldon, Mayor

Attest:

Breckan L. Hendricks, Municipal Clerk

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

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

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

A. Roles and Responsibilities

1. *The Assembly*

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

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

2. *City Manager*

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

3. *Finance Director*

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

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

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

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

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

4. *Treasurer*

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

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

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

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

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

a. Length of debt and payback goals;

b. Purpose, type, and use of debt;

c. Capital planning; and

d. Reserve policies.

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

C. Reserve Policies

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

2. *[Reserved]*

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

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

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

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

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

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

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

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

There are no legal limits to the amount of revenue bonds the City and Borough can issue, but the City and Borough cannot incur revenue obligations without first ensuring the affordability

of an enterprise system to consistently meet any pledges and affordability covenants customarily required by investors in such obligations, during the term of the obligation. If revenue or net revenue of the enterprise fund does not meet the covenanted levels (the "Rate Covenant"), the Assembly is required to increase rates and charges to meet Rate Covenant defined in the respective Bond Ordinance and/or loan agreement, consistent the terms of the governing documents.

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

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

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

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

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

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

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

F. Refunding Bonds or Notes.

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

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

3. *Conditions For a Refunding.*

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

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

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

The competitive sale method involves offering the bonds for sale through sealed bid (which may be received electronically), to be submitted at a specified date and time. The City and Borough's Municipal Advisor will establish criteria for the bid, and will be awarded based on the lowest offered true interest cost.

The negotiated sale method involves direct negotiation with a pre-selected underwriting firm. An underwriter for negotiated sale may be selected through a competitive request for proposals ("RFP") or request for qualifications ("RFQ") process.

Direct bank placements involve receiving a loan directly from a commercial bank or other lender, such as the State of Alaska (the "State") and the Alaska Municipal Bond Bank Authority. If working with a commercial bank, firms may be selected through a competitive RFP or RFQ process.

State loans, such as State of Alaska Extension Loans or State Revolving Fund Loans, are entered into directly with the State. State loans are often competitive due to their advantageous interest rates. State loans can be considered a General Obligation or Revenue Bond of the City and Borough, depending on the pledge of revenue. The City and Borough will consider State loan programs for eligible projects.

Federal Loans can often provide low cost of capital when eligible projects are identified. Programs offering direct loans include the Transportation Infrastructure Finance and Innovation Act ("TIFIA") loans through the US Department of Transportation, Water Infrastructure Financing and Innovation Act ("WIFIA") loans through the US Environmental Protection Agency, the US Department of Agriculture, and financing energy projects through the Department of Energy, among others. These loans can often be financed as either Revenue Bonds or General Obligation bonds. The City and Borough may consider federal loans for eligible projects, weighing the costs and benefits with its service providers.

H. Use of Professionals and Other Service Providers. The City and Borough will contract with select service providers for the undertaking of any bond transaction, or certain activities between transactions, as defined below and referenced throughout this policy.

1. *Bond Counsel.* All debt issued by the City and Borough will include a written opinion by legal counsel affirming that the debt of the City and Borough is legal, valid and binding on the City and Borough, and, as applicable, that interest earnings on any tax-exempt debt is exempt from federal income taxation. The legal opinion and other documents relating to the issuance of debt will be prepared by nationally recognized private legal counsel with extensive experience in public finance and tax issues.

2. *Municipal Advisor.* The City and Borough shall retain a Municipal Advisor as it relates to all public issuances of debt, or other projects deemed necessary as recommended by the Finance Director. The City and Borough's Municipal Advisor is to be available for general purposes, and will assist the City and Borough with all financing issues. In no case shall the Municipal Advisor serve as underwriter for the City and Borough's bonds.

3. *Underwriter.* The Finance Director, in consultation with the City and Borough's Municipal Advisor, will select an underwriter for any negotiated sale of bonds, based on a competitive RFP or RFQ process. The process shall take into account the type of issue, experience offered and other relevant criteria, and shall provide for competitive, written proposals. This provision is intended to provide broad flexibility, in compliance with this policy. If a previous RFP or RFQ has been completed, the City and Borough can rely on past performance to select an underwriter. The selection of underwriter may be for an individual bond issue, series of financings or a specified time period, as determined by the Finance Director, in consultation with the City and Borough's Municipal Advisor.

4. *Direct Placement & Credit Providers.* The Finance Director, in consultation with the City and Borough's Municipal Advisor, will utilize the Alaska Municipal Bond Bank Authority or other State lending program if it is deemed beneficial to do so. If it is determined to utilize a commercial bank for any sale of bonds or notes directly with a bank, a competitive RFP or RFQ process will be utilized. The process shall consider the type of issue, bond structure, liquidity needs (if applicable) and provide competitive proposals. This provision is intended to provide broad flexibility in compliance with this policy. The selection of a commercial bank will be determined by the Finance Director, in consultation with the City and Borough's Municipal Advisor.

5. *Other Service Providers.* Professional services such as paying agent, registrar, verification agent, escrow agent or rebate analyst shall be appointed by the Finance Director in consultation with the Treasurer and the City and Borough's Municipal Advisor.

I. Post Issuance Compliance. The City and Borough will comply with post issuance compliance requirements, such as arbitrage and tax-rebate, and continuing disclosure, consistent with the Post Issuance Compliance Policy approved by the Assembly.

EXHIBIT 1 – REVENUE BOND COVENANTS

The following Exhibit describes the various revenue bond credits of the City and Borough, including the pledge of revenues, rate covenants, and additional bonds test. This Exhibit may be updated without Assembly approval if a Revenue Bond Ordinance has been approved by the Assembly that amends, adds, or changes certain covenants or descriptions of new or prior Ordinances.

A. *Hospital Revenue Bonds* are supported by revenues generated by the Hospital, (a) gross patient service revenues of the Hospital less contractual allowances and provisions for uncollectible accounts, free care and discounted care, plus (b) other operating revenues of the Hospital, plus (c) nonoperating revenues including receipts from the City and Borough (other than Contributions, income derived from the sale of assets not in the ordinary course of business, any gain or loss from the extinguishment of debt or any other extraordinary item, but including proceeds of business interruption insurance), plus (d) contributions, all as determined in accordance with GAAP. Hospital Revenues shall also include any federal or state reimbursements of operating expenses to the extent such expenses are included as "Costs of Maintenance and Operation" and all earnings from the investment of money in the Bond Account which earnings are deposited in the Bond Account.

The Bond Ordinance for Revenue Bonds associated with the Barlett Regional Hospital requires that rates and charges be sufficient to provide net revenue equal to at least 115% of annual debt service. Prior to issuing new Hospital Revenue bonds, to satisfy the ABT, net revenues must be greater than or equal to 125% of aggregate MADS.

B. *Boat Harbor Revenue Bonds* are supported by all revenue and income derived from ownership and operations of the Harbor System (defined as all City and Borough owned boat harbor and boat launch ramps and related facilities), including, but not limited to, stall rents, mooring fees, launch permit fees, and harbor leases.

The Bond Ordinance for Revenue Bonds associated with the Harbor requires net revenues be equal to at least 120% of the amounts required in the fiscal year to pay debt service. Prior to issuing new Harbor Revenue Bonds, to satisfy the ABT, Harbor net revenues must be greater than or equal to 120% of maximum annual debt service on outstanding Harbor Revenue Bonds, inclusive of the proposed financing. If the 120% is not projected to be met, the City and Borough can hire a consultant to demonstrate that after completion of any new project financed with Harbor Revenue Bonds, net revenues are expected to equal 140% of maximum annual debt service on all outstanding bonds, inclusive of the proposed financing.

C. *Port Revenue Bonds* are supported by Port Development Fee Revenues imposed by Resolution No. 2552 of the Assembly, and any subsequent Ordinance or Resolution imposed by the Assembly.

The Bond Ordinance for Revenue Bonds associated with the Port requires Port Development Fee rates and charges to be sufficient to provide net revenue equal to at least 120% of annual debt service. Prior to issuing new Port Revenue Bonds, to satisfy the ABT, Port Development Fee Revenues must be greater than or equal to 120% of annual debt service.

D. *Airport Revenue Bonds* are supported by Passenger Facility Charges ("PFC"), Airport Improvement Program ("AIP") entitlement grants and discretionary grants, revenue, and any income, receipt, or revenue of the Airport legally available to the payment on the bonds.

The Bond Ordinance for Revenue Bonds associated with the Airport requires that unspent PFC Authority plus approved and appropriated AIP funds plus projected other legally available revenues is at least equal to 105% of projected aggregate debt service. Prior to issuing new Airport Revenue bonds, to satisfy the ABT, pledged revenues must be greater than or equal to 150% of aggregate MADS on all Parity Bonds, however, revenues can be adjusted to reflect changes in forecasted PFC rate adjustments.