

**PETERSBURG BOROUGH
ORDINANCE #2026-13**

AN ORDINANCE AUTHORIZING THE BOROUGH TO ISSUE ELECTRIC UTILITY REVENUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT-TO-EXCEED THREE MILLION THREE HUNDRED FIFTEEN THOUSAND DOLLARS (\$3,315,000) TO FINANCE THE SCOW BAY STANDBY GENERATION PROJECT AND DIRECTING THAT THIS MATTER BE SUBMITTED TO THE QUALIFIED VOTERS FOR CONSIDERATION AT THE NEXT REGULAR ELECTION TO BE HELD ON OCTOBER 6, 2026.

RECITALS

WHEREAS, the Borough dba Petersburg Municipal Power and Light (the “Utility”) provides electric service to the residents and businesses of Petersburg Borough, Alaska (the “Borough”) and desires to complete the Scow Bay Standby Generation Project (as defined herein) and for the benefit of all Borough residents and businesses;

WHEREAS, of the electric service supplied by the Utility to the community on an annual basis, approximately seventy-five percent (75%) is Southeast Alaska Power Agency (SEAPA) transmitted power supply, and the remaining twenty-five percent (25%) is generated locally by the Utility through the Blind Slough Hydro Plant (20%) and seven diesel generators (5%);

WHEREAS, during times of peak system demand during winter months, local generation capacity would be insufficient to meet demand in the event of a loss of SEAPA transmitted power;

WHEREAS, the Utility is under contract for the installation and construction of another standby generator to assist in meeting peak power demands and provide a power generation safeguard in the event of a loss of hydroelectric power, known as the Scow Bay Standby Generation Project (the “Scow Bay Standby Generation Project” or the “Project”);

WHEREAS, upon completion, the new Scow Bay Standby Generation Project would assist in adding diesel generation to cover peak loading of the Utility system, with an anticipated Project life span in excess of twenty (20) years, which would be beneficial to both the residents and businesses of the Borough;

WHEREAS, upon project inception in 2022, the overall cost of the Scow Bay Standby Generation Project was estimated to be \$5.4 million; however, due to significant increases in construction costs since then, the cost of the Project is now approximately \$8,000,000 and the Borough does not have the necessary funds on hand to complete the Project;

WHEREAS, the Borough previously utilized the sum of \$1,125,000 for the Project from a 2022 Electric Utility Revenue Bond;

WHEREAS, the Utility has or intends to fund up to \$3,875,000 of the costs of the Scow Bay Standby Generation Project with electric fund reserves;

WHEREAS, the Assembly wishes to authorize the issuance of electric utility revenue bonds, payable solely from the revenue of the Utility, in the aggregate principal amount of not to

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exceed \$3,315,000 (the “**Bonds**”) to pay the remaining portion of the Scow Bay Standby Generation Project costs, including providing for a debt service reserve, if necessary, and paying the costs of issuance of the Bonds; and

WHEREAS, the estimated costs of issuance of the bonds, including bond counsel fees, Bond Bank fees and associated professional services, are expected to be approximately \$50,000, which costs will be included in the principal amount of bond issuance;

WHEREAS, the issuance of revenue bonds requires that a dedicated debt service reserve account be established to provide security to the annual bond debt service and must hold an amount equal to the estimated annual debt service on the bond, estimated to be approximately \$265,000;

WHEREAS, the Borough is authorized to issue revenue bonds, pursuant to Article 13 of the Borough Charter, subject to authorization by the Borough Assembly (the “**Assembly**”) and ratification by a majority of qualified voters of the Borough voting on the questions;

WHEREAS, the Assembly finds that it is in the best interests and is vital to the long-term economic interests of the Borough and its residents, to incur long-term debt to complete the Scow Bay Standby Generation Project to help ensure adequate standby diesel generation in the event of a loss of hydroelectric power, and, pursuant to the provisions of Article 13, Section 13.04 of the Borough Charter, it wishes to submit this matter to the qualified voters of the Borough for their consideration.

THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE PETERSBURG BOROUGH, ALASKA, as follows:

SECTION 1. Classification:

This Ordinance is of a permanent nature; however, it shall not be codified in the Petersburg Municipal Code.

SECTION 2. Purpose:

The purpose of this Ordinance is to submit the question to the Borough voters at the next regular election to authorize long-term indebtedness, through issuance of the Bonds, to finance: (i) improvements to the Scow Bay Standby Generation Project; and (ii) to pay the costs incident to financing the Scow Bay Standby Generation Project, including providing for a debt service reserve, if necessary, and paying the costs of issuance of the Bonds (collectively, the “**Project**”).

SECTION 3. Substantive Provisions:

A. The Assembly hereby (i) determines that it is in the best interests of the Borough to undertake the Scow Bay Standby Generation Project, and (ii) authorizes long-term indebtedness for the purpose of financing the Project, in the form of issuance of the Bonds, which shall be a revenue obligation of the Utility, payable solely from the gross revenues of the Utility after

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payment of maintenance and operations expenses, in an amount not to exceed the aggregate principal amount of \$3,315,000.

The cost of all necessary architectural, engineering, legal and other consulting services; site acquisition or improvement (e.g., clearing and demolition); on and off-site utilities and related improvements; payments for fiscal and legal expenses; printing, advertising, establishing and funding accounts; necessary and related planning, consulting, inspection and testing costs; administrative expenses; and other similar activities or purposes incurred in connection with the Project shall be deemed a part of the costs of such capital improvements. The Borough may modify details of the Project as it may find necessary or advisable. The Project, or any portion or portions thereof, shall be made insofar as is practicable with available money and in such order of time as shall be deemed necessary or advisable by the Borough. The economic life of the Project is expected to exceed the life of the Bonds.

The Borough shall determine the application of available money between the various portions of the Project so as to accomplish, as near as may be, all of the Project. If available money from the proceeds of the Bonds is more than sufficient to pay the costs of the Project, or if state or local circumstances require any alteration in the Project, the Borough may acquire, construct, equip and make other capital improvements to the Utility's facilities or infrastructure or may retire and/or defease a portion of the Bonds, all as the Borough may determine and as permitted by law. If the proceeds of the sale of the Bonds and other available money are insufficient to make all of the capital improvements herein provided for, or if it has become impractical to accomplish the Project or portions of the Project, the Borough may use the proceeds of the Bonds and other available money for paying the costs of those portions of the Project deemed by the Borough to be most necessary and in the best interest of the Borough.

B. The Bonds will be issued and sold in the amounts and at the time, or times, as the Assembly finds necessary and advisable and as permitted by law. The Bonds may be issued in one or more series and shall mature in the amounts and at the times within a maximum term of twenty (20) years from the date of issuance of the Bonds, all as authorized by the Assembly and as provided by law. The date, form, interest rates, terms, redemption provisions, maturities, covenants and manner of sale of the Bonds shall be as hereafter provided by the Assembly. After voter approval of the Bond proposition set forth in Paragraph C of this Ordinance, and in anticipation of the issuance of the Bonds, the Borough may issue short-term bond anticipation notes as authorized by the laws of the State of Alaska and the Borough Charter.

C. The question of whether to authorize this indebtedness shall be submitted to the qualified voters of the Borough at the regular municipal election to be held on October 6, 2026. The ballot proposition to be submitted to the voters shall read substantially as follows:

PROPOSITION NO. 1
NOT TO EXCEED \$3,315,000 REVENUE BONDS
SCOW BAY STANDBY GENERATION PROJECT
(Assembly Ordinance #2026-13)

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Shall the Petersburg Borough incur long-term indebtedness, in a total principal amount not to exceed three million three hundred fifteen thousand dollars (\$3,315,000) for the purpose of completing the construction of the Scow Bay Standby Generation Project, including paying incidental costs incurred in connection with carrying out and financing such improvements?

The indebtedness would be in the form of electric utility revenue bonds, payable solely from the gross revenues of the electric utility after payment of costs of operation and maintenance, with a term not to exceed twenty (20) years, and would be a revenue obligation solely of the electric utility.

YES _____

NO _____

D. The Borough Manager, Utility Director, and other proper Borough officials are authorized to take all actions required in accordance with Article 5 of the Borough Charter to provide notice of the election and to provide informational documents to the voters regarding this proposition.

The Borough Manager and other proper Borough officials are also directed to cause notice of the election to be published once a week for three weeks, beginning at least 20 days prior to the election date, in accordance with Article 13, Section 13.02, of the Borough Charter, which notice shall include the following information: (1) the maximum principal amount of the Bonds (which shall not exceed \$3,315,000), purpose of issuance and length of time within which the Bonds shall mature (which shall not exceed twenty (20) years); (2) the amount of the estimated annual debt service on the proposed bonds, based on an estimate of the anticipated interest rate, which shall be determined closer to the date of publication of the election information; and (3) the amount of current indebtedness secured by the gross revenues of the Utility after payment of operation and maintenance (including authorized but unsold bonds) and the amount of the current year's debt service on outstanding bonds of the Borough secured by a pledge of such revenue.

SECTION 4. General Authorization; Ratification.

The proper Borough officials are authorized to perform such duties as are necessary or required by law to ensure that the question of whether or not the Bonds shall be issued as provided in this Ordinance, shall be submitted to the voters of the Borough at the October 6, 2026 election. Any action taken consistent with the authority granted in, and prior to the effective date of, this Ordinance is hereby ratified, approved and confirmed.

SECTION 5. Intent to Reimburse.

The Borough Assembly declares that to the extent that the Borough makes capital expenditures for the Project prior to the date the Bonds or other short term obligations are issued to finance the Project from funds that are not (and are not reasonably expected to be) reserved, allocated on a long-term basis or otherwise set aside by the Borough under its existing and reasonably foreseeable budgetary and financial circumstances to finance the Project, those capital expenditures are

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intended to be reimbursed out of proceeds of the Bonds or other short term obligations issued in an amount not to exceed the principal amount of the Bonds provided by this Ordinance.

SECTION 6. Severability.

If any provision of this Ordinance or any application to any person or circumstance is held invalid, the remainder of this Ordinance and application to any person and circumstance shall not be affected.

SECTION 7. Effective Date.

This Ordinance is effective upon passage. The indebtedness contemplated by this Ordinance shall be considered approved by the voters upon certification of the October 6, 2026 election results reflecting approval of the proposition, subject to Article 13, Section 13.10 of the Borough Charter. If such proposition is approved by the requisite number of voters, the Borough shall be authorized to issue the Bonds in the manner described in this Ordinance, to spend the proceeds thereof to pay the costs of the Project, including providing for a debt service reserve, if necessary, and paying the costs of issuance and sale of such Bonds, within ten years as provided by Article 13, Section 13.08 of the Borough Charter.

Passed and approved by the Petersburg Borough Assembly, Petersburg, Alaska, this 20th day of July, 2026.


Robert Lynn, Mayor

ATTEST:


Rebecca Regula, Borough Clerk

Adopted: 7.20.2026
Published: 7.30.2026
Effective:

Indebtedness will become effective
if approved by Borough voters upon
certification of the October 6, 2026
election results.