

# REASONS THAT I CANNOT SUPPORT PROPOSITION 1

1. There are no loan costs/repayment details provided. As a point of reference, I have researched and provided an example of what financial realities could be for a 65-million-dollar revenue bond. If the city could secure a 30-year revenue bond (loan) with an Interest Rate @ 5.25% the interest repayment would be \$65.5M with the principal amount of \$65M. This results in a \$130.5M total payback amount. The annual payment on this bond example for the first year would be \$4,349,600.00 with \$3,412,500.00 of that being interest only.

2. The proposition does not clarify bond funds usage for construction only. It is possible that funds will be borrowed before the planning, design, and financial budgeting is complete and disclosed to the public. We could be paying immense interest on a project still in the planning phase.

Until 100% of Bond Monies are shown to go to Construction Only and will not be used for design or planning delays. It does not make sense to pay interest on funds used for design work.

Example: MOS Track Record History shows of \$10M Received from a State Grant for Port Development .... \$5M was spent on Design & Permitting and \$0 was spent on construction. Due to ineffective oversight and follow through the CORPS permit was not secured. Resulting in the \$5M balance of Funds having to be returned to the State with NOTHING tangible to Show for the \$5M spent on design.

3. MOS intends to Commit 100% of All Port Revenue to Pay for the Bond. This does not exclude revenues generated by the small boat harbor. These funds historically have been reinvested into small boat harbor operations, projects and improvements. I feel that 20% of CVP & Port Revenue should be set aside for future dock repairs, replacement and or upgrades.

4. There is not a detailed itemization of Administration & Relocation Costs. These costs should only be used out of Profits, if and when they become available, after all other expense and Bond Payments have been made.

5. There are No Business Operating Plans for years 2023' thru 2033'. No information on all operating costs, revenue projections, and/or contract details have been provided.

6. There are No Projected Profit and Loss Estimates for years 2023 thru 2033 .... lacking any information or analysis details.

7. Municipality of Skagway (MOS) has significantly depleted the Sales Tax Fund. Based on my research from public records as of 6/30/20 there was a balance of \$15,505,526 that fund now has an estimated balance of \$2,300,000\*.

8. MOS has also significantly Depleted the Commercial Passenger Vessel Tax Fund (CPV). Based on my research from public record as of 6/30/20 the CPV fund was \$21,923,289 to a current estimate of \$6,000,000\*.

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\* These Fund Balance estimates do not include budget amendments needed to cover assembly approved items.

Both of these Funds should have been saved and used for Port Development Needs. The MOS has known their intent for the waterfront takeover and expansion for sometime and have failed to plan or save funds for that purpose.

9. There is No Feedback from Cruise or Entities who presently or intend to use our Port, of the New Tariff Rates proposed by MOS.

Finally, in closing I cannot approve a bond without knowing all the construction cost, revenue sources, impacts to current Industrial port user, operating cost & Bond interest rate and terms. As there have been no specific loan repayment information or details provided, I feel there is a lack of understanding, research, and competence among the MOS management and port development members. The potential for a last-minute financing decision due to lack of knowledge and foresight jeopardize the future of the entire community. This proposition is plagued with financing ambiguity and a demonstrated lack of transparency and accountability. The KPPF plan only replaces & does not adequately address or solve the concern of the industrial port users.

David M. Hunz

63-year resident.

15-year Past council-assembly member.

Current Port user and Pandemic Essential Business Owner for the following:

- A. Skagway Ore Terminal.
- B. Trans- Shipment of over 1million pounds seafood products.
- C. Container shipments between Juneau & Skagway
- D. Local Heating Fuel Deliveries