

**CITY OF CRAIG  
RESOLUTION 12-06**

**SUPPORTING EFFORTS BY THE INTER ISLAND FERRY  
AUTHORITY TO DEFEASE THE REMAINING PORTION OF ITS  
BONDED DEBT THROUGH THE ALASKA MUNICIPAL BOND  
BANK AUTHORITY**

WHEREAS, the Inter Island Ferry Authority provides daily ferry service between Prince of Wales Island and Ketchikan; and,

WHEREAS, IFA carries over 50,000 passengers and 12,000 vehicles and cargo containers per year. It conservatively generates \$8.5 million of economic activity in Ketchikan annually and as become an integral part of the Prince of Wales Island economy; and,

WHEREAS, When IFA was constructing its first vessel, the M/V Prince of Wales, and developing its initial infrastructure, funding was inadequate to complete the project. This necessitated tapping several funding sources, including a bond through the Alaska Municipal Bond Bank Authority (AMBBA). IFA has paid off all the notes except the AMBBA bond that has an outstanding balance of approximately \$1.06 million; and,

WHEREAS, the IFA is requesting the legislature appropriate the amount of funds necessary to create a defeasance fund to pay down the AMBBA bond; and,

WHEREAS, the initial IFA business plan took into consideration the costs of labor, materials and fuel with reasonable inflation, and the anticipated revenues; and,

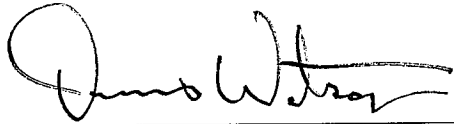
WHEREAS, When IFA was being developed diesel fuel was \$.80 per gallon. It has since spiked at over \$4.00 per gallon, and is currently near \$4.00 per gallon; and,

WHEREAS, Retiring IFA's debt service would allow the funds currently being used to cover the AMBBA payments, \$150,000 - \$160,000 annually, to be freed up and directed into normal operating costs. A defeasance program for the AMBBA bond would also release the 1.5 million dollars that the Ketchikan Gateway Borough has in escrow to secure IFA's bond; and,

WHEREAS, IFA is truly an Alaskan success story. Few public interest projects in this states history have had such a positive impact on so many people and the economy. This small investment would go a long ways toward insuring IFA's long-term viability and allow us to continue providing this valuable service.

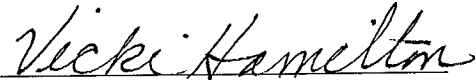
NOW, THEREFORE, BE IT RESOLVED that the Craig City Council encourages the State of Alaska to provide capital and debt retirement support to the Interisland Ferry Authority.

APPROVED this 1st day of March, 2012.



Mayor Dennis Watson

ATTEST



Vicki Hamilton, City Clerk

