



## MEMORANDUM

**DATE:** November 18, 2024

**TO:** City Council

**FROM:** Brooks Chandler, Interim City Manager

**SUBJECT:** *Resolution No. 24-11-01- Open Bank Account*

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As of the date of this memorandum the City is in the final steps of establishing an interest-bearing account in which to deposit a little more than \$82,000,000 in funds previously held by the ACOE as Nome's initial contribution to the costs of construction of the Port expansion project. This account will be distinct from the City's general fund. It is being established as an escrow account under the terms of an agreement provided to Nome by ACOE for this purpose. ACOE has indicated much of these funds may be held in escrow until such time as a contract is awarded. The City cannot touch the principal. Interest on the principal can only be used to cover expenses of the project.

NCO 2.05.030(a) suggests that establishing a new bank account requires Council approval. Establishing these accounts (a separate account will be used to cover what will be fairly insignificant bank fees) will obviously benefit Nome making approval of the Resolution a "no brainer". If the Resolution is adopted there will be some paperwork for the Mayor to sign preferably at the conclusion of Monday's Council meeting.

Finance Director Nickie Crowe and Project Manager Joy Baker are to be commended for their assistance in this effort. For a time it appeared Nome was likely to lose out on at least one month's interest due to internal ACOE deadlines for transferring money. But Nickie came up with a plan that allowed the City to meet the deadline. Joy diligently urged ACOE to act more swiftly than is their custom. Because of this more than \$200,000 in interest most likely will be realized before the end of the year.

**CITY OF NOME, ALASKA**

**RESOLUTION NO. 24-11-01**

**A RESOLUTION TO OPEN AN ACCOUNT FOR THE DEPOSIT OF FUNDS PENDING TRANSFER TO THE UNITED STATES ARMY CORPS OF ENGINEERS AS PROVIDED BY ARTICLE IV C (1) OF THE PROJECT COOPERATION AGREEMENT FOR THE PORT OF NOME MODIFICATIONS**

**WHEREAS**, The City of Nome (“Nome”) and the Department of the Army (“the Government”) are parties to that certain Project Partnership Agreement (“PPA”) for Port of Nome Modifications Project (“Project”); and

**WHEREAS**, the PPA identifies the City of Nome as the “Non-Federal Sponsor” of the Project; and

**WHEREAS**, as the Non-Federal Sponsor Nome is responsible for ten percent of the cost of constructing the Project and 100% of the cost of construction of local service facilities related to the Project (“Non-Federal Cost Share”); and

**WHEREAS**, Nome previously deposited funds with the Government to cover a portion of Nome’s Non Federal Cost Share (“the Deposit”); and

**WHEREAS**, at the time Nome made the Deposit it was anticipated that a construction contract for the Project would be awarded in 2024; and

**WHEREAS**, on or about October 17, 2024 the Government issued a notice of cancellation of the solicitation of bids for constructing the Project; and

**WHEREAS**, the Government now anticipates a construction contract for the Project will not be awarded until 2025 (“the Delay”); and

**WHEREAS**, Article IV C(1) of the PPA states payment of the Non-Federal Cost share may be made by “verifying to the satisfaction of the Government” that Nome “had deposited such funds in an escrow or other account acceptable to the Government with interest accruing” to Nome; and

**WHEREAS**, due to the Delay, the Government has agreed to allow Nome to place the remaining amount of the Deposit in an interest bearing account (“the Account”) with interest

accruing to Nome; to be used for payment of future Non-Federal Cost Share contributions for the Project and

**WHEREAS**, the amount of money available for deposit into the Account is estimated to be in excess of \$80,000,000 and the potential interest accruing on these funds is considerable; and

**WHEREAS**, Nome and the State of Alaska are parties to that certain Grant Agreement dated September 13, 2022 (“Grant”) which provided partial funding for the Project; and

**WHEREAS**, Article 10 of Attachment C to the Grant states, “Program income earned during the award period shall be retained by the Grantee and added to the funds committed to the award and used for the purpose and under the conditions applicable to the use of award funds.” and;

**WHEREAS**, interest earned on the Account will be “program income” and only used for the Project; and

**WHEREAS**, it is in the best interest of the public that the City of Nome take advantage of the opportunity to use accrued interest on the Account to meet Nome’s obligations under the PPA and Grant;

**NOW, THEREFORE, BE IT RESOLVED**

1. The Interim City Manager, Project Manager and Finance Director are hereby authorized to open an Account with Northrim Bank upon such conditions as are acceptable to the Government.
2. All interest earnings on the Account must be used in payment of Nome’s Non Federal Cost Share for the Project.

**APPROVED** and **SIGNED** this 25<sup>th</sup> day of November, 2024.

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**JOHN K. HANDELAND**  
Mayor

**ATTEST:**

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**DAN GRIMMER**  
City Clerk/Treasurer