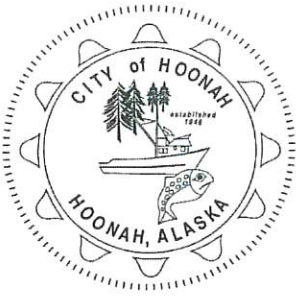


EXHIBIT U



City of Hoonah
P.O. Box 360 Hoonah, AK 99829 (907) 945-3663 Fax (907) 945-3445

VIA EMAIL AND FIRST-CLASS MAIL

June 23, 2022

Mr. Tom Williams, City Administrator
City of Gustavus
P.O. Box 1
Gustavus, AK 99826
administrator@gustavus-ak.gov

RE: Incorporation of Xunaa Borough

Dear Mr. Williams:

The purpose of this letter is to invite the city of Gustavus to consider its inclusion in a new borough, the boundaries of which would generally follow the boundaries of the model Glacier Bay Borough developed by the Alaska Local Boundary Commission ("LBC").

As you likely know, since 2019 the city of Hoonah has been working, off-and-on, with LBC staff on our plan to submit a Xunaa Borough incorporation petition to the LBC. Little occurred on that effort during the height of the COVID-19 pandemic, but the time has now come to move on. Given the state's desire to supplant the unorganized borough with vibrant, functional regional governments, and given the similarities of the proposed Xunaa Borough to the LBC's own model borough, we believe it is in the state's interest, as well that of the residents within the proposed borough, to now move the matter ahead expeditiously.

A map of the model Glacier Bay Borough is enclosed. The city of Gustavus lies within the exterior boundaries of that model, and in the normal course would be a part of it. We are hoping that Gustavus is able to support inclusion in a Xunaa Borough patterned after that model. To that end, we'd ask you to consider these core elements of our borough proposal:

- We are proposing to form a home rule borough that will be exercising limited areawide powers. Those powers are: planning and zoning; taxation; and education. The Xunaa Borough would not exercise any areawide power other than these three, and all of the functions, duties and powers currently being exercised by the city of Gustavus would continue unaffected;
- With respect to planning and zoning, Alaska Statute 29.40.010(b) allows boroughs to delegate these powers to cities within the borough, and the Xunaa Borough proposes to do just that for the city of Gustavus;

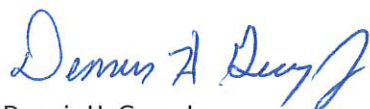
- The only areawide tax proposed for the Xunaa Borough is a sales/use tax on fish commercially harvested within borough waters. And while the reach of that tax would not be affected by Gustavus inclusion or exclusion from the borough, its inclusion would allow Gustavus to benefit from the substantial revenues we expect to receive from the tax; and
- Those fish tax revenues could be used to supplement the state share of school funding areawide. The adequacy of educational funding will continue to be a challenge to all of us, and participation in fish tax revenues is one way to address that concern. A fish-tax fueled Xunaa Borough School District would, we believe, be considerably more financially secure than Gustavus's status quo.

We would be delighted to attend an upcoming city council meeting to discuss borough formation and what we believe to be the considerable upside of inclusion in the borough. And while we are aware of your 2019 resolution opposing borough formation, we are hoping that a better understanding of the limited parameters of borough formation will inspire a new look at the issue. We do need to stress that, having been delayed for over two years by COVID, Hoonah does feel a need to move this process along. And we are hoping that the passage of time does not compel us to the conclusion that, by default, Gustavus opposes inclusion in the borough.

With that in mind, we do very much look forward to hearing from you. Dennis can be reached at (907) 945-3663 or dgray@cityofhoonah.org and Jim can be reached at (907) 586-2891 or jshiehan@stsl.com.

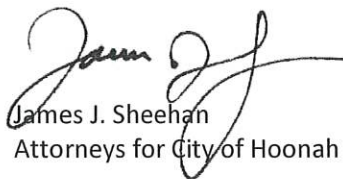
Sincerely,

City of Hoonah



Dennis H. Gray, Jr.
City Administrator

Simpson Tillinghast Sheehan, P.C.



James J. Sheehan
Attorneys for City of Hoonah

Enclosure

cc: Mr. Robert Blasco, Attorney for City of Gustavus (rpblasco@hoffmanblasco.com)
Mr. Nils Andreassen, Alaska Municipal League (nils@akml.org)

Glacier Bay Region. The Commission conducted hearings on model boundaries for this region in Hoonah, Pelican and Gustavus in January 1992. On May 8, 1992,, the Commission defined model borough boundaries for the region extending from Cape Fairweather to Chatham Strait. These model boundaries encompass Glacier Bay and the communities of Elfin Cove, Pelican, Hoonah, Gustavus and Tenakee Springs. In 1990, the region had a population of 1,858.

