

CITY OF SELDOVIA

ORDINANCE 18-05

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SELDOVIA, ALASKA,
AMENDING TITLE 12 SELDOVIA PERMANENT FUND BY REFORMATTING THE
CHAPTERS AND ADDING SECTIONS**

WHEREAS, the Seldovia City Council has passed Ordinance 18-03, the recodification of the municipal code, and

WHEREAS, the reformatting of Title 12 Seldovia Permanent Fund would allow for consistency in formatting in the municipal code book, and

WHEREAS, the reformat will create chapter 12.04 Seldovia Permanent Fund and reformat chapters 12.04, 12.08, 12.16, 12.20, 12.24, and 12.28 as sections under chapter 12.04.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SELDOVIA:

SECTION 1. CLASSIFICATION. This ordinance is permanent in nature and shall become a part of the Municipal Code of the City of Seldovia.

SECTION 2. EFFECTIVE DATE. This ordinance becomes effective upon its adoption by the City Council.

SECTION 3. AMENDING TITLE 12 SELDOVIA PERMANENT FUND BY REFORMATTING THE CHAPTERS AND ADDING SECTIONS

**Title 12
Seldovia Permanent Fund**

Chapters:

12.04 Seldovia Permanent Fund

Chapter 12.04
Seldovia Permanent Fund

Sections:

12.04.010 Seldovia Permanent Fund established.

12.04.020 Purpose.

12.04.030 Deposits to the fund.

12.04.040 Management of fund.

12.04.050 Income and distribution.

12.04.060 Principal.

12.04.010 Seldovia Permanent Fund established. There is established as a separate fund within the finances of the City a fund to be known as the Seldovia Permanent Fund (hereinafter referred to as "the fund"). The fund shall be administered in accordance with the provisions of this chapter. (Ord. 96-13)

12.04.020 Purpose. The purpose for establishment of the fund is to preserve in trust, assets of the City for the benefit of present and future generations of Seldovia residents. (Ord. 96-13)

12.04.030 Deposits to the fund. A. The first deposit to the fund shall be the \$500,000 that the City received from the Seldovia Native Association for the ANCSA 14 c (3) settlement.

B. The Council may, from time to time, make deposits to the fund in the same manner as it makes other appropriations. Any funds received by the City from any source may be deposited into the fund. (Ord. 96-13; 98-01)

12.04.040 Management of fund. A. The fund principal shall be managed by the Prudent Man Rule. The Prudent Man Rule provides that in making investments, the same judgment and care under the circumstances then prevailing shall be exercised which an institutional investor of ordinary prudence, discretion and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering probable safety of capital, as well as probable income. An investment policy consistent with the Prudent Man Rule shall be adopted by the City Council by resolution, and may be amended as necessary by resolution. The City Treasurer shall follow the investment policy adopted by the City Council for investment and management of the principal of the fund.

B. Investments of Permanent Fund principal are limited to that of an income producing nature only such as federal, state and municipal obligations, bank certificates of deposit or corporate obligations of prime or equivalent quality. The principal of the fund may be invested consistent with this section only in:

1. Bonds or other evidences of indebtedness of the United States or an agency or an instrumentality of the United States;

2. Bonds and other evidence of indebtedness issued by the State of Alaska;
3. Bonds or other evidences of indebtedness issued by the municipalities of the State of Alaska;
4. Certificates of deposits, savings accounts, deposit accounts, or depository receipts of a bank which are secured as to payment of principal and interest in accordance with Alaska Law and which is a member of the Federal Deposit Insurance Corporation, or a savings and loan association that is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration;
5. Bankers acceptances (bills of exchange or time drafts), if such obligations are eligible for purchase by the Federal Reserve System, and mature no more than two hundred seventy days from date of purchase.

C. All investments purchased which have been issued in negotiable, bearer form shall be maintained in a customer-segregated safekeeping account in a financial institution which otherwise qualifies for investment under the provisions of subsection (B) (4) of this section, or which is a member of and is regulated by the Securities and Exchange Commission.

D. Each year at least ten percent (10%) of fund income or an amount equal to the inflation rate, whichever is greater, must be reinvested in the Permanent Fund. (Ord. 97-04)

E. If a transaction involving Permanent Fund principal results in an actual dollar loss of principal and prior years retained earnings, the loss shall be reimbursed in full from fund income before any additional income may be expended. (Ord. 96-13)

12.04.050 Income and distribution. A. The City Treasurer shall prepare a monthly report for the City Council which shows the nature of each outstanding investment, including the purchase date, purchase price, and estimated net yield rate at the time of purchase, and the income earned from each investment from the initial date of purchase to the date of the report

B. The net income of the fund shall be determined annually as of the last day of the fiscal year in accordance with this section and utilizing generally accepted accounting principles.

C. For the purposes of determining the net income of the fund, net income shall be defined as the total income yielded from investment of the principal of the fund, less any amounts needed;

1. To reimburse the fund principal in the event a transaction results in an actual dollar loss in principal;

2. To offset any reduction in fund principal due to administrative costs;

3. To offset any depletive effect of inflation on the fund principal during the fiscal year, as may be determined by a nationally recognized inflation index.

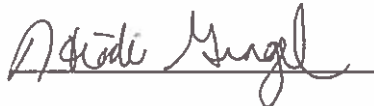
D. Income derived from investment of Permanent Fund principal, not otherwise reinvested in the Permanent Fund as required by City Code, may be used to provide funding for capital outlays and grant matching funds as designated by the City Council after consideration of public input. Unappropriated or unencumbered balances of income remaining at the close of each fiscal year shall be transferred to fund principal. (Ord. 96-13)

12.04.060 Principal. A. Fund principal may only be appropriated for land acquisition only by ordinance. The procedure for passage of any such ordinance shall be governed by subsection B of this section.

B. No ordinance to appropriate principal from the fund shall be passed, except upon a favorable roll call vote of the City Council members as mandated by City Code, the results of which shall be entered in the minutes of the meeting. (Ord. 96-13)

ADOPTED by a duly constituted quorum of the City Council of the City of Seldovia, Alaska this 13th day of December, 2017

ATTEST:



Heidi Geagel, City Clerk



APPROVED:



Dean Lent, Mayor

Vote:

Colberg- ✓
Campbell- ✓
Morrison-
Rojas- ✓
Lethin- ✓
Sweatt- ✓