

**CITY OF GUSTAVUS, ALASKA
ORDINANCE FY16-04**

**AN ORDINANCE FOR THE CITY OF GUSTAVUS PROVIDING FOR THE AMENDMENT OF
CITY ORDINANCE TITLES 4.04 and 4.13**

Section 1. Classification. This ordinance is of general and permanent nature and shall become a part of the City of Gustavus Municipal Code.

Section 2. Severability. If any provisions of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and its application to other persons, or circumstances shall not be affected thereby.

Section 3. Enactment. Now therefore, it is enacted by the Gustavus City Council that **TITLE 4, CHAPTERS 4.04 and 4.13** be amended as follows: **Bold and underlined** items are additions. ~~Strikeout~~ items are deletions.

Chapter 4.04 - BUDGET PROCEDURE

Sections:

Section 4.04.010 - Fiscal year.

The fiscal year of the eCity government shall begin on the first day of July of each calendar year and end on the last day of June of the following calendar year. The fiscal year shall also constitute the budget and accounting year.

Section 4.04.020 - Tax schedule.

The collection of sales and room tax will be monthly unless otherwise prearranged.

Section 4.04.030 - Public records.

The proposed budget and budget message, and upon adoption, the budget, shall be a public record open to inspection pursuant to Section 2.50.020 of the Gustavus Municipal Code.

Section 4.04.040 - Proposed budget.

The mMayor, eCity eClerk or designated budget committee; shall prepare and submit to the eCouncil no later than May 1 of each year, the proposed budget for the following fiscal year, together with a budget message. The "budget message" is a brief statement of the budget (surplus/deficit), and the direction the eCity eCouncil would like to direct the budget for the coming year (surplus/deficit), while accomplishing which goals. The proposed budget shall set out estimates of all revenues expected to be received, and provide and appropriate for all anticipated expenditures of money, including contract and other commitments, except expenditures of construction funds derived from bonds or from special assessment. The budget shall be submitted as an ordinance. The eCouncil may amend the budget estimate at any time prior to adoption.

Section 4.04.050 - Reserved.

Section 4.04.060 - Amendment of proposed budget, adoption, appropriation of funds.

After the conclusion of the public hearing on the proposed budget, the eCouncil may insert new items or may increase or decrease the items of the budget in proposed expenditures fixed by law. The eCouncil shall adopt the budget and make the appropriation by ordinance not later than the fifteenth (15th) day of June. The eCouncil shall then appropriate the money required for the approved budget.

Section 4.04.070 - Amendment.

The budget can be amended by the eCouncil at any time after adoption, provided no such amendment shall be made until after a public hearing.

Section 4.04.080 - Encumbrance.

No budget appropriations may be encumbered without prior certification by the mMayor that there is an unencumbered appropriation sufficient to cover such encumbrances and sufficient funds available to meet the expenditure.

Section 4.04.090 - Excess liability; lapse of appropriation.

The mMayor and eCity eClerk shall not permit, without budget amendment, an expenditure or contract incurring a liability in excess of the amount appropriated for each department of the city during any budget year.

Section 4.04.100 - City funds to be used for City services adopted by code ordinance.

(a) Public monies received by the City, other than proceeds of the Endowment Fund, shall be spent only for public services adopted by the City by code ordinance.

(b) Requests for City funds not directly related to City services adopted by code ordinance shall be directed by the City Clerk/Treasurer or Mayor to the Endowment Fund for consideration according to the Endowment Fund Policy, as amended.

City of Gustavus Municipal Code
Chapter 4.13 - GUSTAVUS ENDOWMENT FUND

Editor's note— Ord. No. FY13-14, § 3, adopted April 11, 2013, amended Ch. 4.13 as set out herein.

Section 4.13.010 - Gustavus Endowment Fund established.

There is established as a separate fund within the finances of the City of Gustavus, a fund to be known as the Gustavus Endowment Fund (hereinafter referred to as the Ffund).

Section 4.13.020 - Purpose.

The purpose for establishment of the Ffund is to preserve in trust, ~~city assets~~ for the benefit of present and future generations of Gustavus residents, monies dedicated to the community of Gustavus in compensation for the loss of commercial fishing in Glacier Bay.

Section 4.13.030 - Deposits to the Ffund.

- (a) The first deposit to the Ffund shall be the approximately nine hundred sixty-three thousand dollars (\$963,000.00) that the city received from the Gustavus Community Association that received the money from the National Park Service in compensation for the loss of commercial fisheries in Glacier Bay National Park.
- (b) The Ceouncil may, ~~from time to time~~, make deposits to the principal of this fund in the same manner as it makes other appropriations. Any funds received by the Ceity from any non-city-tax source may be deposited into the Ffund.
- (c) Donations to the Ffund by private individuals and groups will be honored and accepted.
- (d) Funds once dedicated are intended to be held in the Ffund for perpetuity.
- ~~(e) The council will seek to attain an appropriate return on the fund commensurate with the level of risk. The fund shall not be exposed to risk greater than that expected of a diversified portfolio invested in the authorized asset classes. All participants in the investment process shall ensure that the fund is invested wisely with due fiduciary care. Investment officials shall avoid any transaction that might impair public confidence in the City of Gustavus.~~

Section 4.13.040 - Long-term goal of the Eendowment Ffund.

(a) The long-term goals of the Ffund is are to 1) to maintain the inflation-adjusted value of the original principal, as added to per section 4.13.030 (b) and (c); and 2) to generate at least a three (3) percent total return after inflation on investments of the Fund. ~~achieve a three (3) percent total return plus inflation.~~

(b) The Council will seek to attain an appropriate return on the Fund commensurate with the level of risk. The Fund shall not be exposed to risk greater than that expected of a diversified portfolio invested in the authorized asset classes. All participants in the

investment process shall ensure that the Fund is invested wisely with due fiduciary care. Investment officials shall avoid any transaction that might impair public confidence in the City of Gustavus. ~~In order to avoid the effect of market volatility year-to-year market values are to be compared to a five-year rolling average plus the rate of inflation. Until the fund has been in existence for five (5) years, the market value will be expected to meet the average rate of inflation since inception.~~

□ Section 4.13.050 - Treasury Fund management.

(a) The Fund shall be managed in accordance with the Prudent Expert Rule which requires management with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and like aims.

(b) The Council may retain a registered investment advisor to manage all or part of the Fund. Such advisor will be bound by all aspects of this chapter. A report of absolute and comparative performance and of compliance with this chapter shall be provided to the City Council quarterly by the investment advisor. In addition, a copy of the Association of Investment Management and Research Report and a completed copy of Part II of Securities and Exchange Commission Form ADV shall be provided to the City Council annually by the investment advisor. These reporting requirements are in addition to any other reporting requirements contained within this chapter. Investment guidelines given to such advisor(s) may be more restrictive than the policies contained herein, but may not be less restrictive.

□ Section 4.13.060 - Asset allocation and performance benchmarks.

(a) No more than five (5) percent of the Fund portfolio that is managed by an investment manager may be held in the form of cash equivalents for a period longer than thirty (30) days unless extenuating circumstances exist. Such circumstances should be documented in writing by the investment manager.

(b) The portion of the Fund managed by an investment manager shall be compared to appropriate benchmarks. Asset allocation of the investment portfolio shall hold securities similar to those held in the appropriate benchmarks.

(c) The Council shall annually review and approve an asset allocation plan for investment of the City's fund, as well as evaluating performance measuring benchmarks for managing investment of the Fund. The yearly evaluation shall be conducted at the beginning of the fiscal year and shall be amended as necessary by resolution.

□ Section 4.13.070 - Permissible investments.

(a) The City of Gustavus Endowment Fund may be invested in:

(1) U.S. government treasury, agency, and instrumentality securities;

(2) Notes or bonds issued by the State of Alaska or its political subdivisions, or other states of the United States, maturing within two (2) years, with a credit rating of A-/A3 or better from two (2) national rating agencies;

(3) Federally insured or fully collateralized certificates of deposit of banks and credit unions, maturing within two (2) years;

(4) Repurchase agreements collateralized by U.S. Treasury securities and marked-to-market. If purchase agreements are overnight investments or if securities are collateralized in excess of one hundred two (102) percent, marked-to-market is not necessary;

(5) A state investment pool formed within the State of Alaska and comprised of agencies of the state and/or its political subdivisions;

(6) Money market mutual funds whose portfolios consist entirely of U.S. government securities; or

(7) Any of the following:

(A) Mortgage-backed and asset-backed obligations denominated in U.S. dollars with a credit rating of A-/A3 or better from two (2) national ratings agencies;

(B) Corporate debt obligations of U.S. domiciled corporations denominated in U.S. dollars with a rating of A-/A3 or better from at least two (2) national ratings agencies;

(C) Convertible debt obligations of U.S. domiciled corporations denominated in U.S. dollars with a credit rating of A-/A3 or better from two (2) national ratings agencies; or

(D) Domestic equities, which taken as a whole, attempt to mirror the characteristics or replicate the Standard and Poor's 500 Index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).

Domestic equities, which taken as a whole, attempt to replicate the Standard and Poor's 400 Mid-Cap Index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).

Domestic equities, which taken as a whole, attempt to replicate the Standard and Poor's 600 Small-Cap Index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).

International equities, which taken as a whole, attempt to replicate the Financial Times Stock Exchange Developed ex-North America Index or another index of similar characteristics including both mutual funds and exchange traded funds (ETFs).

Equities, which taken as a whole, attempt to replicate the universe of domestic real estate investment trusts as represented by the Standard and Poor's REIT composite index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).

Emerging market equities, which taken as a whole, attempt to replicate the Financial Times Stock Exchange Emerging Index or another index of similar characteristics including both mutual funds and exchange traded funds (ETFs).

(E) Bond funds which taken as a whole, attempt to replicate the Barclays Aggregate Index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).

Bond funds, which taken as a whole, attempt to replicate the Barclays US Treasury Inflation Securities Index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).

Bond funds, which taken as whole, attempt to replicate the Barclays Capital Global Treasury ex-US Capped Bond Index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).

Section 4.13.080 - Income.

(a) The market value of the ~~F~~fund shall be determined annually as of the last day of the ~~(fund)~~[†] fiscal year in accordance with ~~this section and utilizing~~ generally accepted accounting practices.

~~*Per Ordinance 2006-04 Amendment~~

~~(b) Determining the market value of the fund, shall be calculated by the value reported by the custodian as of the end of the period less any amounts needed.~~

~~(1) To offset any depletive effect of inflation on the fund principal during the fiscal year, using the Anchorage CPI index; and~~

~~(2) To offset any reduction in fund principal due to administrative costs.~~

Section 4.13.090 - Distribution of earnings.

Up to three percent of the average annual market value (AAMV) of the Fund over the previous five years may be appropriated to provide funding for capital outlays, grant matching funds, and community projects, as provided for in the Gustavus City Endowment Fund Grant Awards Section 4.13.100 – provided that the inflation adjusted principal of the Fund is maintained. ~~The average market value of the fund over a five year period, not otherwise reinvested in the fund as required for inflation proofing and administrative costs, may be appropriated to provide funding for capital outlays, grant matching funds and community projects as provided for in the Gustavus City Endowment Fund Policy and Procedures.~~

Section 4.13.100 - Appropriating principal.

The eCity eCouncil may appropriate from the principal effective only upon approval by a two-thirds (2/3) majority of votes cast in a regular ballot election.

Section 4.13.110 - Grant awards.

(a) The City Council will develop and maintain an Endowment Fund Grant Policy and Procedures which will include a means of determining the amount available for dispersal, grant application process and form, application schedule, evaluation criteria, payment process and other pertinent information to further address the following:

(b) By July 31 of each year, the City Council shall determine the average annual market value (AAMV) of the Fund. Up to three percent (3%) of the AAMV of the Fund may be added to the portion of the Fund designated "available for grants." provided that the inflation adjusted principal of the Fund is maintained.

(c) Eligible recipients: Grants may be awarded to city departments, non-governmental organizations within the City of Gustavus, or other local entities whose proposals the City Council deems worthy based on criteria outlined in 4.13.130 - Endowment Fund Grant Policy and Procedure. At least one applicant for each project must be at least 16 years of age and a Gustavus resident. All applicants must be current on city taxes (if applicable).

(d) Eligible purposes: Capital outlays, grant matching funds, and projects of broad community value may be funded in accordance with the Endowment Fund Grant Policy and Procedure.

(e) Solicitation of proposals: The City Council shall establish a procedure and timeline for soliciting proposals for community needs desiring funding. Proposals should, at minimum, include a written justification of need, explanation of benefits, and itemized budget showing how the funds will be spent in accordance with the Endowment Fund Grant Policy and Procedure.

(f) Awards of grants: The City Council, after due public input, shall decide by roll call vote which, if any, of the submitted proposals receive funding and in what amount, up to the total "available for grants." Any amount "available for grants" but not appropriated shall be carried forward as "available for grants" the following year. The Council shall notify the investment advisor, if any, of the timeline for withdrawals from the Fund.

(g) Payments: The Treasurer may make withdrawals from the Fund as needed to pay for appropriated grants. Payment may be reimbursable or direct-to-third party basis as needed to assure the grant is used for the intended purpose. Payments may be made in advance in special circumstances.

(h) Follow-up Report: The grantee shall submit to the Council, no later than one year after the date of the award, a report describing the progress of award expenditure and evaluation of results. This report shall include, if necessary, a request for grant extension beyond one year.

(i) Retracting Awards: Awards not paid out of the Fund after one year may be retracted by the City Council for failure to 1) proceed in a timely fashion, 2) submit an acceptable

and timely follow-up report, or 3) failure to obtain a grant extension. Retracted awards are returned to the amount "available for grants."

(j) Inappropriate Expenditures: If expenditures for the project are determined to be inappropriate or excessive, the grant award may be retracted and recipients required to repay expenses immediately.

Section 4.13.120 - Other Withdrawals.

(a) Emergency Appropriations: In extenuating circumstances, the Council may award emergency grants at a regular meeting, outside the annual schedule for awarding grants. Such awards require a proposal, and the extenuating circumstances must be documented in the appropriation ordinance. Awards may not exceed the amount "available for grants."

Section 4. Effective Date. This ordinance become effective upon its adoption by the Gustavus City Council.

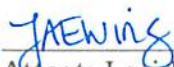
Date Introduced: October 12, 2015

Date of Public Hearing: November 9, 2015

PASSED and **APPROVED** by the Gustavus City Council this 9th day of November, 2015.



Mike Taylor, Mayor



Attest: Lori Ewing, City Clerk