

POSSIBLE MOTION

I MOVE TO approve Ordinance 2017-02 on second and final reading.

Notes:

- This ordinance corrects a clerical error in Ordinance 2016-23 approved by the Assembly in July 2016.
- The intent of Ordinance 2016-23 was to establish procedures within Sitka General Code for an annual transfer of funds from the General Fund to the Permanent Fund with the initial transfer taking place in FY18.
- Ordinance 2016-23 stated the initial transfer would be 0.50% (should be 0.25%).
- The amount of the annual transfer would increase by 0.50% (should be 0.25%) per subsequent fiscal year, to a maximum of 2.0%.
- The Investment Committee recommended a rate of 0.25% at their June 1, 2016 meeting.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2017-02

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING SITKA GENERAL CODE SECTION 4.19.020 "ANNUAL TRANSFER TO PERMANENT FUND"

- 1. **CLASSIFICATION.** This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.
- 2. **SEVERABILITY.** If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstances shall not be affected.
- 3. **PURPOSE.** The purpose of this ordinance is to amend the rate as recommended by the CBS Investment Committee.
- 4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that SGC Section 4.19.020 is amended as follows (old or repealed language stricken, new language underlined):

Chapter 4.19
SITKA PERMANENT FUND

- Sections:
- 4.19.010 Fund established
- 4.19.020 Annual transfer to permanent fund

* * *

4.19.020 Annual Transfer To Permanent Fund.

As part of the annual budget submission to the Assembly, the Administrator will include an amount of funds to be transferred from the General Fund to the Permanent Fund during the subsequent fiscal year. The purpose for the transfer will be to reduce the effective take out from the Permanent Fund so that the purchasing power of the Permanent Fund is maintained as much as possible. The initial transfer will take place in FY2018 and will be ~~0.50~~ 0.25% of the average market value of the Sitka Permanent Fund for the past three years, as measured on December 31st of each year. The amount of the annual transfer will increase by ~~0.50~~ 0.25% per subsequent fiscal year, to a maximum of 2.0%.

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- 5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the date of its passage.

48 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and Borough
49 of Sitka, Alaska this 14th day of February, 2017.

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Matthew Hunter, Mayor

53 **ATTEST:**

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56 _____
Sara Peterson, CMC

57 Municipal Clerk

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59 1st reading 1/24/17

60 2nd reading 2/14/17

The ordinance would be sent to the Committee for review once edited.

VI. Annual Transfer Ordinance

Chair Reif reviewed the history of the annual transfer amount. Discussion occurred with regards to using inflation as a benchmark, around the percentage of distribution of .25% each year, the fact that bond rates have changed, the annual transfer in conjunction with the budget and a more directive ordinance.

M – Stedman/S – Christner moved to edit the annual transfer ordinance to state: As part of the annual budget submission to the Assembly, the Administrator shall include an amount of funds to be transferred from the General Fund to the Permanent Fund during the subsequent fiscal year. This amount shall start at .25% of the budgeted transfer by the Charter and shall increase an additional .25% per year until reaching a maximum of 2%. Motion carried unanimously.

The ordinance would be sent to the Committee for final review.

VII. Election of Officers

M – Stedman/S – Christner moved to elect Reif as Chair and Christner as Vice Chair. Motion carried unanimously.

VIII. Adjourn

The next meeting would be a quarterly update from APCM in late August unless significant changes needed to be made to the ordinances. Seeing no objection the meeting adjourned at 11:04 AM.

Attest:
Melissa Henshaw, Deputy Clerk

Chapter 4.19
SITKA PERMANENT FUND Revised 8/16

Sections:

4.19.010 Fund established.

4.19.020 Annual transfer to permanent fund. Revised 8/16

4.19.010 Fund established.

Under Section 11.16 of the Home Rule Charter of the City and Borough of Sitka Charter there is established a separate fund: the Sitka Permanent Fund. The Sitka Permanent Fund consists of money appropriated to the Sitka Permanent Fund by the assembly. Such appropriation may be made by inclusion of the amounts to be appropriated in the annual budget or may be made by separate ordinance. (Ord. 01-1650 § 4(A), 2001.)

4.19.020 Annual transfer to permanent fund. Revised 8/16

As part of the annual budget submission to the assembly, the administrator will include an amount of funds to be transferred from the general fund to the permanent fund during the subsequent fiscal year. The purpose for the transfer will be to reduce the effective takeout from the permanent fund so that the purchasing power of the permanent fund is maintained as much as possible. The initial transfer will take place in FY2018 and will be one-half of one percent of the average market value of the Sitka Permanent Fund for the past three years, as measured on December 31st of each year. The amount of the annual transfer will increase by one-half of one percent per subsequent fiscal year, to a maximum of two percent. (Ord. 16-23 § 4, 2016.)
