

Introduced by: Finance Director
Drafted by: Finance Director
Introduced on: 12/05/2019
Postponed to: 02/06/2020
Amended: 02/06/2020
Postponed to: 03/19/2020
Postponed Indefinitely: 03/19/2020

**KODIAK ISLAND BOROUGH
ORDINANCE NO. FY2020-15**

**AN ORDINANCE OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH AMENDING
TITLE 3 REVENUE AND FINANCE CHAPTER 3.10.030 PERMISSIBLE INVESTMENTS AND
CHAPTER 3.10.120 FACILITIES FUND**

WHEREAS, The Kodiak Island Borough Assembly finds that the Facilities Fund is an areawide borough reserved fund which contains sufficient funds to facilitate loans or grants when needed to allow the Borough to respond to unexpected fiscal challenges or budgetary demands; and

WHEREAS, The Kodiak Island Borough Assembly finds that it is in the public interest to permit investment of funds from the Facilities Fund by interest bearing multi-year loan to Borough areawide, non-areawide or service area funds, provided that such loans comply with limitations on long term borrowing by Borough funds; and

WHEREAS, The Kodiak Island Borough Assembly finds that it is in the public interest to permit the grant of funds from the Facilities Fund to other Borough areawide funds for areawide purposes; and

WHEREAS, The Kodiak Island Borough Assembly finds that it is in the public interest to permit the loan of funds from the Facilities Fund to other Borough areawide funds for areawide, non-areawide or service area purposes under terms where repayment is subject to annual appropriations; and

WHEREAS, The Kodiak Island Borough Assembly finds that it is in the public interest to prescribe rules for loans or grants from the Facilities Fund to other Borough funds; and

WHEREAS, The Kodiak Island Borough Assembly finds that loans or grants from the Facilities Fund should be memorialized by ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH THAT:

Section 1: This ordinance is of a general and permanent nature and shall become a part of the Kodiak Island Borough Code of Ordinances.

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Section 2: That section 3.10.030 Permissible Investments of the Kodiak Island Borough Code of Ordinances is amended to read as follows:

3.10.030 Permissible investments.

- The finance director shall invest money only in the following types of security instruments:
- A. Bonds, notes, or other obligations, direct or otherwise, of the United States Government;
 - B. Bonds and other evidence of indebtedness of the State of Alaska, or any municipality, or political subdivision of the State of Alaska;
 - C. Savings accounts, certificates of deposit, banker’s acceptances, repurchase agreements, and such other legal security instruments; ~~or~~
 - D. The Alaska Municipal League Investment Pool, Inc., made in accordance with the terms of that pool’s “Common Investment Agreement; or
 - E. Loans to borough areawide, nonareawide or service area funds, provided that such loans must be approved by ordinance setting out the term, interest rate and repayment schedule for such loans. The interest rate shall be not less than the most recent annual investment return rate for invested Borough funds. When such loans are not payable within one year, the ordinance must be ratified by the voters as required by law at a regular or special election.**

Section 3: That section 3.10.120 Facilities Fund of the Kodiak Island Borough Code of Ordinances is amended to read as follows:

3.10.120 Facilities fund.

- A. The facilities fund is established as a separate special revenue fund which is distinct from all other funds. The fund consists of all proceeds received from the sale of Shuyak Island property to the Exxon Valdez Oil Spill Trustee Council. All income from the fund shall be deposited to the fund. The assembly may, by ordinance, make additional appropriations to the fund at any time. Any additional funds added to the fund, aside of Shuyak Island proceeds, shall become part of the fund as a whole and subject to the regulations of the facilities fund.
- B. The fund may be invested only as provided in KIBC 3.10.030. The fund may not be appropriated or spent, except as provided in this section. The earnings or principal shall at no time run or supplement the running of government except as specified in this section.
- C. *Repealed by Ord. FY2008-08.*

79 D. The excess income of the fund is defined as 85 percent of the annual investment income from the
80 fund. The excess income of the fund is available for appropriation by the assembly in the fiscal year
81 following the year in which the income is earned. The excess income of the fund may be appropriated
82 only for the following purposes:

- 83 1. Maintenance and repair of existing borough facilities;
- 84 2. Insurance paid by the borough for borough buildings;
- 85 3. Upgrade and reconstruction of existing facilities; or
- 86 4. Debt service on general obligation bonds issued for facilities construction – up to ~~50~~ 100 percent of
87 excess may be used for this purpose.

88 E. The Assembly may, by ordinance, appropriate the excess income, and such portion of the
89 fund principal as the Assembly may determine, for grants to other areawide Borough funds or
90 ~~A portion of the fund may be appropriated~~ for another areawide Borough purpose. ~~only upon approval~~
91 ~~of an ordinance ratified by a two-thirds majority of~~ Unless specifically waived by the appropriations
92 ordinance, grants from the Facilities Fund may only be made by an ordinance approved by the
93 qualified voters at a regular or special election.

94 F. The Assembly may, by ordinance, appropriate the excess income, and such portion of the
95 fund principal as the Assembly may determine, for a loan to a Borough areawide, non-areawide
96 or service area fund which is not repayable within one year and for which the repayment is
97 subject to annual appropriation. Any such ordinance shall set out the term, interest rate and
98 repayment schedule for the loan. Unless specifically waived by the appropriations ordinance,
99 an ordinance authorizing a loan under this section may only be made by an ordinance
100 approved by the qualified voters at a regular or special election.

101
102 **Effective Date:** This ordinance takes effect upon adoption. (Note: KIBC 2.30.070 states an
103 ordinance takes effect upon adoption or at a later date specified in the ordinance.)

104
105 **ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH**

106 **THIS _____ DAY OF _____, 2019.**

107
108 KODIAK ISLAND BOROUGH

ATTEST:

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111 _____
112 William Roberts, Mayor

Tara Welinsky, Clerk

113
114 **VOTES:**

115 Ayes:
116 Noes:

Postponed Indefinitely