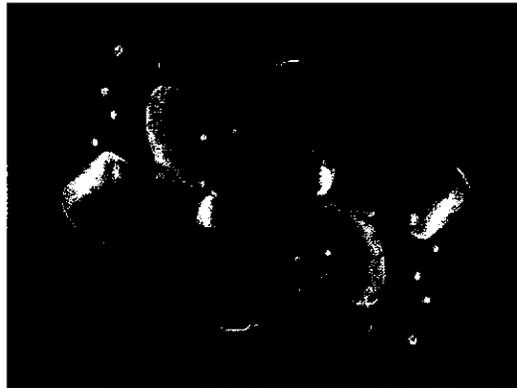


Permanent Fund Committee

Regular Meeting
May 9, 2013
5:15 p.m.



Cowles Council Chambers
491 E. Pioneer Avenue
Homer, Alaska

**NOTICE OF MEETING
REGULAR MEETING AGENDA**

- 1. CALL TO ORDER**
- 2. APPROVAL OF AGENDA**
- 3. PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA**
- 4. APPROVAL OF MINUTES**
 - A. Synopsis of Special Meeting of April 11, 2013 Page 1
- 5. VISITORS**
 - A. Paul Jarvis. Managing Director with Time Value Investments (TVI)
- 6. STAFF & COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS**
- 7. PUBLIC HEARING**
- 8. PENDING BUSINESS**
 - A. Review of Homer City Code 3.12 and Ordinance 13-06, Investment Policies of the Permanent Fund

Memorandum PFC 13-01 from Chair Howard as backup. Page 5
- 9. NEW BUSINESS**
 - A. Election of Chair and Vice Chair

Memorandum PFC 13-02 from City Clerk as backup. Page 33
- 10. INFORMATIONAL MATERIALS**
- 11. COMMENTS OF THE AUDIENCE (3 MINUTE TIME LIMIT)**
- 12. COMMENTS OF THE CITY STAFF**
- 13. COMMENTS OF THE COUNCILMEMBER**
- 14. COMMENTS OF THE CHAIR**
- 15. COMMENTS OF THE COMMISSION**
- 16. ADJOURNMENT/NEXT REGULAR MEETING** is scheduled for Thursday, August 8, 2013 at 5:15 p.m. in the Homer City Hall Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

Session 13-02 a Special Meeting of the Permanent Fund Committee was called to order on April 11, 2013 at 5:19 p.m. by Chair Barbara Howard at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMITTEE MEMBERS: BARBARA HOWARD, JO JOHNSON, MATT NORTH, FRANCIE ROBERTS

APPROVAL OF AGENDA

JOHNSON/NORTH - MOVED TO APPROVE THE AGENDA AS PRESENTED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

There were no public comments.

APPROVAL OF MINUTES

A. Synopsis of Regular Meeting of February 14, 2013

ROBERTS/NORTH - MOVED TO APPROVE THE MINUTES OF FEBRUARY 14TH.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS

STAFF & COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS

PUBLIC HEARING

PENDING BUSINESS

NEW BUSINESS

A. Review of Homer City Code 3.12 and Ordinance 13-06, Investment Policies of the Permanent Fund

City Council referred Ordinance 13-06 back to the Committee to clarify the language of the five percent distribution to non-profits.

The five percent fund was never established by the City. There were to be three accounts established in 2006. Five percent of the total of the Permanent Fund was to be distributed; the remaining amount was to be split 40/60 in accounts.

Acting Finance Director Laurie Moore reported the five percent (\$56,000 approximately) of the Fund was not split since it earns more interest being with the 40/60 funds.

The \$3,500 recently allocated to Green Dot was taken from earnings on the growth and income accounts. Earnings on five percent of the Fund was only \$750.

The current ordinance (Ordinance 05-14(S)) does not contain language about the City maintaining five percent of the earnings for non-profits. It states that five percent of funds are to be appropriated by City Council for grants to The Homer Foundation or other local non-profit organizations for the benefit of the community.

Committee Member North recalled when the fund was formed in 2006 five percent was to go to The Homer Foundation who was to allocate the earnings off that five percent to whom they saw fit. The 95% was to be put in the Permanent Fund and split out in the 40/60 accounts. He thought the five percent was initially sent to The Homer Foundation.

The initial five percent of the Permanent Fund has not yet been appropriated to The Homer Foundation. Five percent of the initial Permanent Fund has been comingled.

The Permanent Fund was to be set up as the growth account where the interest is always reinvested. Whatever earnings were generated off the income account could be used in the general fund if necessary. The remaining five percent was to go directly to The Homer Foundation.

Currently other wind-fall monies can be appropriated by Council to The Homer Foundation or other local non-profit organizations.

U.S. Bank has the City's investment policy and knew how the monies were to be distributed. It was suggested a conference call be made with U.S. Bank to verify how they are investing the funds.

ROBERTS/NORTH – MOVE TO KEEP THE ORDINANCE AS WRITTEN, EXCEPT TO ADD A SENTENCE ON LINE 56: IF THE FIVE PERCENT IS NOT ALLOCATED TO THE HOMER FOUNDATION OR ANOTHER LOCAL NON-PROFIT, THEN FIVE PERCENT OF THE INTEREST FROM THE INCOME AND FIXED FUNDS IS ALLOCATED BY THE COUNCIL TO NON-PROFITS.

Nowhere in the current code is there language for five percent of the earnings to non-profits.

NORTH/ROBERTS – MOVED TO AMEND TO ADD: ON A YEARLY BASIS.

ROBERTS/NORTH – MOVED TO WITHDRAW THE MOTION AND AMENDMENT.

There was no additional discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

The Committee plans to request that Council postpone Ordinance 13-06 to May 13. Laurie Moore and Matt North will call U.S. Bank next week and talk with them. Laurie Moore will invite U.S. Bank to the Committee's next meeting on May 9th to clarify the funds.

Chair Howard asked that the selection of Chair and Vice Chair be scheduled for the May 9th meeting.

INFORMATIONAL MATERIALS

COMMENTS OF THE AUDIENCE (3 MINUTE TIME LIMIT)

Larry Slone, city resident, thanked the Committee for their diligence and concern in the Permanent Fund account.

COMMENTS OF THE CITY STAFF

There were no comments from the staff.

COMMENTS OF THE COUNCILMEMBER

There were no comments from Councilmember Roberts.

COMMENTS OF THE CHAIR

Chair Howard commented it proves when you think you have everything nailed down in writing, years later it is vague.

COMMENTS OF THE COMMISSION

Jo Johnson commented it is good the Committee is sorting it out.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 6:12 p.m. The next Regular Meeting is scheduled for Thursday, May 9, 2013 at 5:15 p.m. in the Homer City Hall Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

PERMANENT FUND COMMITTEE
APRIL 11, 2013
SPECIAL MEETING SYNOPSIS

Submitted by Jo Johnson

MEMORANDUM PFC 13-01

TO: PERMANENT FUND COMMITTEE
FROM: BARBARA HOWARD, CHAIR
DATE: APRIL 29, 2013
SUBJECT: PERMANENT FUND ACCOUNTS & DISTRIBUTIONS

Issues:

Past city council actions are not consistent with the enabling ordinance 05-14(S):

1. The funds were not distributed in accordance with Ordinance 05-14(S).
2. The amount of funds recently distributed are incorrect according to Ordinance 05-14(S) as stated in Resolution 13-016.

Background:

In preparation for the anticipated Valdez oil spill settlement, the City Council adopted Ordinance 05-14 (S) establishing the Permanent Fund. The minutes of January 23, 2006 indicate a fair amount of discussion for how to use the funds along with insuring the principle of the funds and only certain identified earnings from the invested funds could be used. Along with the minutes of January 23, 2006 is a diagram illustrating someone(s) intentions and thoughts. And the final ordinance that was adopted. The ordinance specified investing 95% of the funds into two accounts. Sixty percent of the 95% was to be allocated into an income sub-fund, and 40% of the 95% of the funds allocated to a growth sub-fund. However, the actual investment was carried out investing 100% of the funds in the sub-funds in the specified 60/40 split.

In 2013 the council (at staff's recommendation) approved the disbursement of 5% of the income from both accounts and awarded the funds to a special program Green Dot as seen in Resolution 13-016.

Questions for discussion:

1. Since Ordinance 05-14(S) says 95% of the original funds to be invested in a 60/40 split account of income and growth with 5% of the original to be distributed to Homer Foundation or other local non-profit organizations; **do we recommend undoing and re-do according to the ordinance OR leave it as it is?**

- 2. Was it the intent of the 5% to Homer Foundation or other local non-profit organizations to have been a one time distribution?**
- 3. What if anything do we want to do with Ordinance 13-06 that is on the floor for council consideration?**
- 4. With the passage of Resolution 13-016 too much money was disbursed. How, if at all, do we correct this action?**

1 CITY OF HOMER
2 HOMER, ALASKA

3
4 City Clerk/
Permanent Fund Committee

5 ORDINANCE 13-06
6

7 AN ORDINANCE OF THE HOMER CITY COUNCIL,
8 AMENDING HCC 3.12.020 PERMANENT FUND
9 CONTRIBUTIONS, AND HCC 3.12.060 EXPENDITURES OF
10 INCOME, TO PROVIDE THAT FIVE PERCENT OF INCOME
11 FROM THE HOMER PERMANENT FUND INCOME SUB-
12 FUND IS AVAILABLE TO BE APPROPRIATED FOR
13 GRANTS TO THE HOMER FOUNDATION FOR THE
14 BENEFIT OF THE COMMUNITY.
15

16 THE CITY OF HOMER HEREBY ORDAINS:
17

18 Section 1. HCC 3.12.020, Contributions, is amended to read as follows:
19

20 3.12.020 Contributions. a. If monies from the distribution of the Exxon Valdez settlement
21 or other forms of "wind-fall" monies become available to the City, 95% 100% of such funds
22 shall be placed in the Homer Permanent Fund.

23 b. "Wind-fall monies" shall be defined as any new monies received by the City from any
24 source other than standard budgeted operating revenues and not allocated to any specific
25 purpose. "Wind-fall monies" do not include bond proceeds, grant funds allocated to a specified
26 purpose, or the proceeds of non-Exxon Valdez litigation when such proceeds are recovered as
27 damages to compensate or reimburse the city for expenditures previously made by the city. In all
28 cases, the City Council's determination of whether monies are "wind-fall" is final and
29 conclusive.

30 ~~c. The remaining five percent of Exxon Valdez settlement funds and other wind-fall~~
31 ~~monies are available to be appropriated by the City Council for grants to the Homer Foundation~~
32 ~~or other local non-profit organizations for the benefit of the community.~~
33

34 Section 2. HCC 3.12.060, Expenditures of income, is amended to read as follows:
35

36 3.12.060 Expenditures of income. a. Expenditures of Permanent Fund income may be
37 made only as authorized in this chapter.

38 ~~b. The income from the income sub-fund may be appropriated by the City Council and be~~
39 ~~expended for general governmental purposes, including but not limited to ordinary operating~~
40 ~~expenses. Five percent of the income from the income sub-fund is available to be~~
41 ~~appropriated by the City Council for grants to the Homer Foundation for the benefit of the~~
42 ~~community. The remainder of the income from the income sub-fund may be appropriated~~
43 ~~by the City Council and be expended for general governmental purposes, including but not~~
44 ~~limited to ordinary operating expenses.~~

45 c. The income from the growth sub-fund shall not be expended. It shall be added to the
46 principal of the growth sub-fund and reinvested.

47 Section 3. This Ordinance is of a permanent and general character and shall be included
48 in the City Code.

49
50 ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, this
51 day of _____, 2013.

52
53
54 CITY OF HOMER

55
56
57
58 _____
59 MARY E. WYTHE, MAYOR

60
61 ATTEST:

62
63
64 _____
65 JO JOHNSON, CMC, CITY CLERK

66
67
68
69
70
71 AYES:
72 NOES:
73 ABSTAIN:
74 ABSENT:

75
76
77
78 First Reading:
79 Public Reading:
80 Second Reading:
81 Effective Date:

82
83
84 Reviewed and approved as to form:

85
86
87 _____
88 Walt Wrede, City Manager

_____ City Attorney

89
90 Date: _____

Date: _____

91

Office of the City Clerk

Jo Johnson, CMC, City Clerk
Melissa Jacobsen, CMC, Deputy City Clerk II
Renee Krause, CMC, Deputy City Clerk I



491 E. Pioneer Avenue
Homer, Alaska 99603
(907) 235-3130
(907) 235-8121
ext: 2224, 2226, or 2227
Fax: (907) 235-3143
Email: clerk@ci.homer.ak.us

MEMORANDUM 13-036

TO: MAYOR WYTHE AND CITY COUNCIL

FROM: JO JOHNSON, CMC, CITY CLERK & COMMITTEE MEMBER 

DATE: MARCH 5, 2013

SUBJECT: AMENDMENTS TO THE DISTRIBUTION PROVISIONS OF THE PERMANENT FUND

The Permanent Fund Committee is tasked with review of the established investment policies of the Permanent Fund each year. At their February meeting the committee made the review and recommended an amendment to the language for the five percent of funds allocated to non-profits.

The committee recommended clarifying the language of the five percent distribution of the eligible earnings from the income sub-fund. Additionally, they recommended The Homer Foundation be the sole recipient of those funds for distribution. The committee felt that distributing the eligible earnings solely to The Homer Foundation would be a better means of ensuring the funds were used for the benefit of the entire community.

RECOMMENDATION:

Adopt Ordinance 13-06 with the amendments as proposed by the Permanent Fund Committee.

on their websites. There is a sizeable movement of energetic young people to Homer in the summer.

4. Parks and Recreation Advisory Commission
5. Port and Harbor Advisory Commission

PUBLIC HEARING(S)

ORDINANCE(S)

- A. **Ordinance 13-06**, An Ordinance of the Homer City Council, Amending HCC 3.12.020 Permanent Fund Contributions, and HCC 3.12.060 Expenditures of Income, to Provide that Five Percent of Income from the Homer Permanent Fund Income Sub-Fund is Available to be Appropriated for Grants to The Homer Foundation for the Benefit of the Community. City Clerk/Permanent Fund Committee. Recommended dates: Introduction March 11, 2013, Public Hearing and Second Reading March 26, 2013.

Memorandum 13-036 from Permanent Fund Committee as backup.

Mayor Wythe called for a motion for the adoption of Ordinance 13-06 for introduction and first reading by reading of title only.

ROBERTS/LEWIS - SO MOVED.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ROBERTS/LEWIS - MOVED TO POSTPONE ORDINANCE 13-06 TO THE FIRST MEETING IN APRIL AND RETURN TO THE PERMANENT FUND COMMITTEE FOR REVIEW.

HOWARD/ROBERTS – MOVED FOR A FRIENDLY AMENDMENT TO MAKE IT THE SECOND MEETING IN APRIL.

VOTE: (amendment/postponement) YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Jo Johnson

From: Laurie Moore
Sent: Thursday, March 14, 2013 2:38 PM
To: Jo Johnson
Subject: Permanent Fund

Hi Jo,

This is what I see from looking at the financial records and reading the HCC 3.12 Permanent Fund section pertaining to the original \$1,151,270.64 from the Exxon-Valdez settlement back in 2010.

Right now the permanent fund is split (40/60) between two sub-funds, a growth, and an income. I think the reason for not breaking the 5% out for non-profits is that 5% (\$57,563.54) would not earn very much interest. The money is earning a larger rate of return being included with all the money, then appropriating 5% of the total interest earned.

I have Regina's calculations. She calculated 5% on the total earnings from 2010 (when the accounts were set up through 12/31/11). That amount is what she reported (\$3,554.79) to council.

The transfer for the \$3,554.79 from US Bank to Wells Fargo went through this week. Today I typed up a check request for Walt's signature. The check will be in the check run next Friday, March 22, 2013.

Laurie

Laurie Moore

Accounting Supervisor
City of Homer, Alaska
Ph - 1-907-435-3113
E-mail - lmoore@ci.homer.ak.us
Fax - 1-907-235-3140

"It is our responsibilities, not ourselves, that we should take seriously."

Peter Ustinov
British actor and writer

Notice: Emails to and from this address are subject to disclosure under the Alaska public records law

VOTE: YES: NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mayor called for a recess at 8:24 p.m., reconvening the meeting at 8:31 p.m.

ORDINANCE(S)

Amend
HCC 3.05
Permanent
Fund

A. **Ordinance 05-14(A)**, Of the City Council of the City of Homer, Alaska Amending Homer City Code Chapter 3.05, Budget to Add a New Section 3.05.046, General Permanent Fund. Wythe. (First Reading May 24, 2005, Public Hearing on June 13, 2005, Second Reading June 27, 2005 amended and deferred/moved to July 25, 2005, Referred to Six-Month Committee. **Main Motion is on the floor as amended and referred to Committee on July 25, 2005. Committee Recommendations for November 14, 2005 as seen in Substitute, Postponed on November 14th, to December 12, 2005 to revise the Committee Substitute Main Motion as amended is back on the floor as postponed on December 12, 2005.**)

Amend
HCC 3.12
Permanent
Fund

A.1. **Ordinance 05-14(A)(S)**, Of the City Council of the City of Homer, Alaska, Amending Homer City Code, to add a new Chapter 3.12, To Establish and Govern a Permanent Fund, and Amending Homer City Code Chapter 3.10, Investment and Collateralization of Public Funds to Add a New Section, 3.10.130 Relating to the Permanent Funds. Permanent Fund Committee with City Attorney revision. (Public Hearing November 14, 2005.)

Amend
HCC 3.12
Permanent
Fund

A.2. **Ordinance 05-14(S)**, Of the City Council of the City of Homer, Alaska, Amending Homer City Code to Add a New Chapter 3.12 to Establish and Govern a Permanent Fund, and Amending Homer City Code Chapter 3.10, Investment and Collateralization of Public Funds to Add a New Section 3.10.130, Relating to the Permanent Fund. PFC and City Attorney. **(Recommend adopt this Ordinance)**

Main Motion as amended is back on the floor: WYTHE/YOURKOWSKI - MOVED FOR THE ADOPTION OF ORDINANCE 05-14(A) BY READING OF TITLE ONLY FOR SECOND AND FINAL READING. STARK/MOVED TO AMEND ORDINANCE 05-14(A) TO REPLACE WITH ORDINANCE 05-14(A)(S) AS READ.

WYTHE/NOVAK - MOTION TO AMEND ORDINANCE 05-14(A)(S) TO SUBSTITUTE ORDINANCE 05-14(S), WHICH IS A COMPLETE SUBSTITUTION.

There was no discussion.

VOTE: (primary amendment to substitute Ordinance 05-14(S)) YES: NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Councilmember Wythe encouraged the Council to support this Ordinance that has been worked on for about a year. She noted that the committee did a lot of work on the Ordinance and that in the packet there is a really good diagram schematic, page 197 of the packet, that City Attorney Tans put together. She elucidated the process if there were wind fall funds:

- 5% would be dropped into a non profit investment funds such as the City fund at the Homer

Foundation.

- Remaining 95% would be put into a fund, which would become the Permanent Fund. Permanent Fund
- From the Permanent Fund the investment of that portion would be divided - 40% into equities to generate continuous support income for the basis of the fund the remaining 60% would be placed into bonds and fixed income proceeds.
- The proceeds to generate income that would be distributed into the general fund for the purposes of helping to support the balance.
- Income goes to the general operating expense of the City.
- Core of 60%, principal of that 60%, could also be available for the purpose of supplying loan funds to City projects.

She noted that this then builds a nice core and basis for long term financial benefit to the City of Homer and its residents.

Discussion about 5% that goes to the non profits, that perhaps this is a little excessive.

STARK/SHADLE - MOVE TO AMEND TO CHANGE IN 3.12.020 95% TO 99%.

There was some discussion. Should there be a cap rather than a percentage. The Permanent Fund Committee spent a great deal of time discussing the percentages. The 5% provides for benefit to the community. This would assist the City with funding non profits. Pros and cons were discussed. This would go to an investment fund of the Homer Foundation nature. The Committee was not looking at the non profits that currently hold a line item in the budget, but were considering things like the skating rink, the community schools issue, etc. This would provide a separate funding mechanism for some of the lesser non profits, but would not eliminate some of the larger non profits that the City funds via line item such as the Pratt Museum.

VOTE:(primary amendment 2) YES: STARK.

NO: WYTHE, SHADLE, NOVAK, HEIMBUCH, McLAY.

Motion failed.

STARK/SHADLE - MOVED TO AMEND AT THE END OF LINE 50, AFTER ALLOCATED TO A SPECIFIC PURPOSE AND ADD, STATE REVENUE SHARING, COMMUNITY DIVIDEND, OR OTHER SIMILAR FUNDS.

There was some discussion. Revenue sharing and community dividend funds are not considered windfall monies. When funds such as these are provided they are provided for the general fund of the community and are specific allocations. Funds allocated for the purpose of community support items are designated funds and not windfall monies. The Ordinance states, Funds not allocated for a specific purpose. The question was asked if the Council is prohibited from adding monies to the Permanent Fund. The answer is no, there is a provision for the Council to add monies to the Permanent Fund, see line 63 on 3.12.040.

VOTE: (primary amendment 3.) YES: STARK.

NO: McLAY, WYTHE, SHADLE, NOVAK, HEIMBUCH.

Motion failed.

There was no further discussion.

VOTE:(main amended motion) YES: STARK, NOVAK, HEIMBUCH, McLAY, WYTHE, SHADLE.

Motion carried.

Amend
Chapter
21.68 -
Appeals

B. **Ordinance 05-17(A)**, Of the City Council Amending Homer City Code Chapter 21.68, Concerning Appeals Under the Homer Zoning Code and Enacting Section 21.30.030 to Authorize Setting Zoning Fees by Resolution. (First Reading October 10, 2005 and forwarded to the Planning Commission for Review and Public Hearing, Public Hearing November 14, 2005, **Second Reading November 28, 2005 postponed to December 12, 2005 Main Motion as amended is back on the floor as postponed on December 12, 2005, further postponed on January 9, 2006 to January 23, 2006.**)

B. 1. **Ordinance 05-17(S)**, Of the City Council Amending Homer City Code Chapter 21.68, Concerning Appeals Under the Homer Zoning Code and Enacting Section 21.30.030 to Authorize Setting Zoning Fees by Resolution. Includes City Attorney Suggestions.

Main motion as amended is back on the floor as postponed on November 28, 2005 for the City Attorney to review the amendments. McLAY/WYTHE - SO MOVED FOR THE ADOPTION OF ORDINANCE 05-17 FOR SECOND AND FINAL READING BY READING OF TITLE ONLY. STARK/SHADLE - MOVED TO AMEND LINE 102 PAGE 123 TO ADD, 4. GRANT OR DENIAL OF A CONDITIONAL FENCE PERMIT. (Per suggestion of the City Attorney in his memo to Council and then renumber rest. 4 to 5 and 5 to 6.) WYTHE/McLAY - MOVED TO AMEND LINES 87 AND 88 TO INCLUDE "APPROVAL OR DENIAL", INSTEAD OF JUST BEING FOR THE DENIAL THAT IT WOULD INCLUDE THE APPROVAL OF THE PERMIT ALSO (21.68.015 1. and 2. of a zoning permit, of a sign permit.) WYTHE/NOVAK - I WOULD MAKE A SECOND AMENDMENT ON LINES 81 AND LINES 95 TO STRIKE TO STRIKE THE WORD "ONLY". HEIMBUCH/McLAY - LIKE TO OFFER THE FOLLOWING AMENDMENT ON PAGE 125 TO BE INSERTED AT THE LINE 160 ADDING A FOURTH NUMBER TO THOSE PEOPLE DESCRIBED IN 21.68.020 WHO MAY APPEAL, 4. WOULD READ: ANY PERSON WHO OBTAINS THE SIGNATURES OF THREE AGGRIEVED PEOPLE AS DEFINED IN SECTION C. OF 21.68.020 AND ADDING A FIFTH NUMBER, NUMBER 5. ANY PERSON PAYING A FEE OF \$750 SUBJECT TO REFUND IF THE APPELLANT IS SUCCESSFUL ON ANY ASPECT OF APPEAL.

WYTHE/NOVAK - MOVED TO AMEND ORDINANCE 05-17(A) TO SUBSTITUTE ORDINANCE 05-17(S).

There was discussion primarily about the public testimony, about standing, and about who may file an appeal. It is understood that renters are included and it is not just property owners. The Ordinance actually loosens up standing. It used to be that an appellee had to be a property owner within 300 feet or some place close to where the zoning decision was made. Now an appellee only has to be a person aggrieved. There is a provision in the Ordinance for people to participate by proxy, so only one signature is required.

VOTE: (primary amendment 1.) YES: NOVAK, HEIMBUCH, McLAY, WYTHE, SHADLE, STARK.

Motion carried.

Mary Calhoun

From: BJWYTHE [mewjcw@acsalaska.net]
Sent: Tuesday, January 03, 2006 6:05 PM
To: 'Tans, Gordon (Perkins Coie)'
Cc: Mary Calhoun
Subject: RE: another revised perm fund ord

Thanks for the terminology review. I have never really understood that one. That said, I think we are on the same page and I would call it good to go to Mary.

Thanks again for all your help. Hopefully we can get it done this time.

Beth

From: Tans, Gordon (Perkins Coie) [mailto:GTans@perkinscoie.com]
Sent: Tuesday, January 03, 2006 9:18 AM
To: BJWYTHE
Cc: clerk@ci.homer.ak.us; wwrede@ci.homer.ak.us
Subject: RE: another revised perm fund ord

Beth,

The additional whereas clauses pose no problem and can be inserted in the appropriate place.

As to use of the term "bonding" -- I purposely did not use the term because it is a legal term of art that refers to the highly technical and formalized process that occurs when a city borrows from a third-party lender who often (not always) seeks tax-exempt status for the the interest income it receives from the city. Bond underwriters, bond counsel, bond ordinances and resolutions, and often bond elections are required.

Most of this formality is not going to be required for the kind of intra-City inter-fund lending that is referred to in this ordinance. It is best not to confuse the two by using "bond" language in reference to these in-house loans.

Gordon Tans

gtans@perkinscoie.com
 Anchorage, Alaska

-----Original Message-----

From: BJWYTHE [mailto:mewjcw@acsalaska.net]
Sent: Monday, January 02, 2006 10:04 PM
To: Tans, Gordon (Perkins Coie)
Subject: RE: another revised perm fund ord

Gordon,

Sorry to be so long in replying. I would like to add a couple of more WHEREAS statements.

WHEREAS, The City Council appointed a Permanent Fund Committee (PFC) for the purpose of reviewing this ordinance and developing recommendations regarding the implementation of a Permanent Fund; and

WHEREAS, The PFC held several meetings for these purposes, all of which were duly noticed and open to for public participation; and

I would place these between the WHEREAS regarding the requirement for voting on expenditure of the funds and your first WHEREAS regarding the committee.

Should the segment on "Loans from income sub-fund" specify "bonding"? The discussion of the committee was that funds would be made available for "bonding". I don't know if the terms are mutually inclusive.

Thanks for your diligence on this project. I know we have had you hopping with much larger issues, but I think getting this in place may be a good thing for our financial future.

Beth

From: Tans, Gordon (Perkins Coie) [mailto:GTans@perkinscoie.com]
Sent: Tuesday, December 20, 2005 5:00 PM
To: mewjcw@acsalaska.net
Cc: wwrede@ci.homer.ak.us; clerk@ci.homer.ak.us
Subject: another revised perm fund ord

Beth,
Thinking I finally understand the plan and the diagram flow-chart I sent earlier today is accurate, I undertook to rewrite the ordinance.

In order to make it readable, I wrote this as a complete substitute -- it does not show any revisions from previous versions. And because it is substantially different in a number of respects, it doesn't really make a lot of sense to compare it to previous versions.

So, be careful to read the whole thing through. I made numerous changes in all sections of the ordinance.

Finally I think I am getting close to what you and the committee were after. Let me know how close I came!

Gordon Tans
Perkins Coie LLP
1029 W. Third Ave. #300
Anchorage, Alaska 99501

gtans@perkinscoie.com
907.279.8561
fax 907.276.3108

<<AA053120.024.DOC>>

NOTICE: This communication may contain privileged or other confidential information. If you have received it in error, please advise the sender by reply email and immediately delete the message and any attachments without copying or disclosing the contents. Thank you.

Mary Calhoun

From: J & B Wythe [mewjcw@acsalaska.net]
Sent: Monday, January 03, 2005 6:26 PM
To: 'Mary Calhoun'
Subject: RE: ORDINANCE REGARDING INVESTMENT OF EXXON FUNDS

Mary,

Does this work?

- 3.05.0## General Permanent Fund. a. At any point in time that funds become available from the distribution of the Exxon Valdez settlement, or other forms of "wind-fall", there shall be established a General Permanent Fund (Fund).
- b. The Fund shall be invested in such a manner as to provide a secure source of annual revenues.
- c. An amount equal to 96.5% of any revenues derived from the investments in such fund shall become available for inclusion in the annual budget on a 12 month delayed basis. (i.e., funds earned in year A shall be available for inclusion in the budget in year C.)
- d. The retention of 3.5% of the annual earnings and the addition of other "wind-fall" funds is intended to provide a margin of inflation proofing for the principle of the fund.
- e. Under no circumstance shall the principle of the fund be distributed without the approving vote of the preponderance (67%) of the voting electorate.

Beth

From: Mary Calhoun [mailto:clerk@ci.homer.ak.us]
Sent: Monday, January 03, 2005 8:04 AM
To: Mary Wythe
Subject: RE: ORDINANCE REGARDING INVESTMENT OF EXXON FUNDS

Could be an amendment to title 3, similar to what we currently have:

- 3.05.040 Equipment replacement reserve fund. a. There is established in each fund of the City an equipment replacement reserve fund. The amount of the equipment replacement reserve fund shall be based on the amount necessary to meet future equipment needs projected for all departments within each fund of the City.
- b. Any earnings from investment of monies accumulated in the equipment replacement reserve fund shall accrue to the equipment reserve fund.
- c. At year end, all unexpended and unencumbered appropriations from the reserve fund for equipment purchases shall be lapsed into that reserve fund.
- d. Monies in the reserve fund for equipment replacement shall be available for appropriation and expenditure for equipment replacement, purchase or any other purpose as recommended by the City Manager and authorized by the City Council. (Ord. 93-14 Section 2, 1993)

- 3.05.043 Health Insurance Reserve Fund. a. There is established in the general fund of the City a health insurance reserve fund. All health insurance claim rebates received shall be appropriated to and deposited in the health insurance reserve fund. The City Council may appropriate additional sums to the fund.
- b. Any earnings from investment of monies accumulated in the health insurance reserve fund shall

accrue to the health insurance reserve fund.

c. At the year end, all unexpended and unencumbered appropriations from the health insurance reserve fund shall be lapsed into that reserve fund.

d. Monies in the health insurance reserve fund shall be available for appropriation and expenditures for health insurance premium increases as recommended by the City Manager and authorized by the City Council. (Ord. 94-5 Section 1, 1994)

If you decide to pursue this, I would recommend that you rough out your idea, staff add our touches and that the City Attorney finish it up.

Mary

-----Original Message-----

From: J & B Wythe [mailto:mewjcw@acsalaska.net]

Sent: Friday, December 31, 2004 10:14 AM

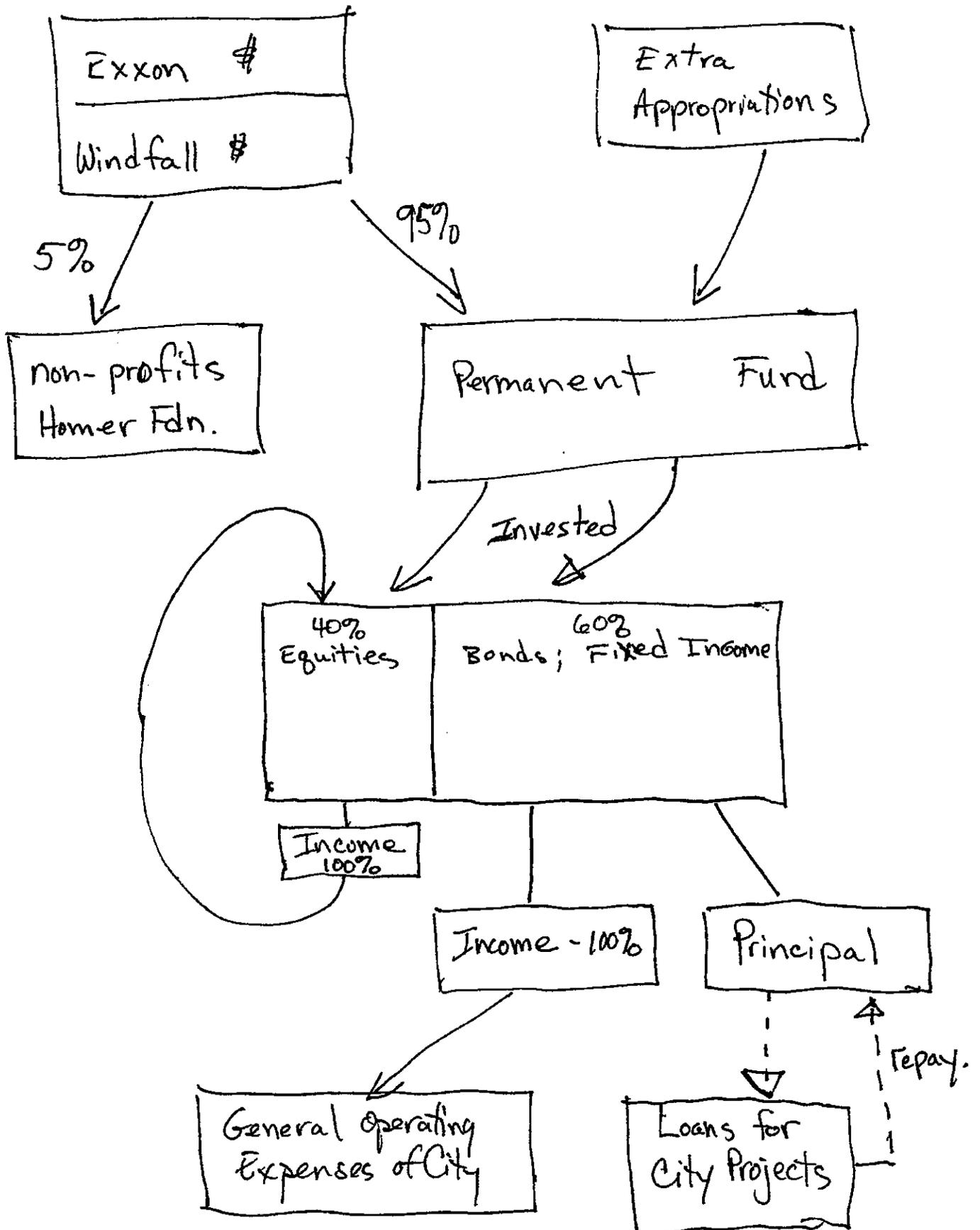
To: Mary

Subject: ORDINANCE REGARDING INVESTMENT OF EXXON FUNDS

Mary,

How would we go about putting in place an ordinance that would invest any revenues from the Exxon case (not that this will happen in our life-time), into an account something like the permanent fund, allowing for the revenues only to be rolled into the General Fund annually?

Beth



38 NOW, THEREFORE, THE CITY OF HOMER HEREBY ORDAINS:

39 Section 1. The Homer City Code is hereby amended by the enactment of new chapter
40 3.12, entitled "Permanent Fund," to read as follows:

41 **CHAPTER 3.12**

42 **PERMANENT FUND**

43 **3.12.010 Homer Permanent Fund Established.** There is hereby established the Homer
44 Permanent Fund. The Permanent Fund shall be governed by this chapter.

45 **3.12.020 Contributions.** a. If monies from the distribution of the Exxon Valdez
46 settlement or other forms of "wind-fall monies" become available to the City, 95% of such funds
47 shall be placed in the Homer Permanent Fund.

48 b. "Wind-fall monies" shall be defined as any new monies received by the City from any
49 source other than standard budgeted operating revenues and not allocated to any specific purpose.
50 "Wind-fall monies" do not include bond proceeds, grant funds allocated to a specified purpose,
51 or the proceeds of non-Exxon Valdez litigation when such proceeds are recovered as damages to
52 compensate or reimburse the city for expenditures previously made by the city. In all cases, the
53 City Council's determination of whether monies are "wind-fall" is final and conclusive.

54 c. The remaining five percent of Exxon Valdez settlement funds and other wind-fall
55 monies are available to be appropriated by the City Council for grants to the Homer Foundation
56 or other local non-profit organizations for the benefit of the community.

57 **3.12.030 Allocation to sub-funds.** When a contribution is made to the Permanent Fund
58 pursuant to HCC 3.12.020, the money received shall be allocated to two sub-funds as follows:
59

- 60 a. Sixty percent of each contribution shall be allocated to an income sub-fund.
61 b. Forty percent of each contribution shall be allocated to a growth sub-fund.
62

63 **3.12.040 Additions to fund.** The City Council may elect to contribute a portion of the
64 prior year's General Fund surplus or appropriate other monies to the Permanent Fund. Unless
65 otherwise allocated by the Council, such contributions shall be allocated to sub-funds pursuant to
66 HCC 3.12.030.
67

68 **3.12.50 Investment of fund.** The sub-funds of Permanent Fund shall be invested and
69 managed in accordance with HCC 3.10.130.
70
71

72 Page Three
73 Ordinance 05-14(S)
74 City of Homer

75 **3.12.060 Expenditures of income.** a. Expenditures of Permanent Fund income may be
76 made only as authorized in this chapter.

77 b. The income from the income sub-fund may be appropriated by the City Council and
78 be expended for general governmental purposes, including but not limited to ordinary operating
79 expenses.

80 c. The income from the growth sub-fund shall not be expended. It shall be added to the
81 principal of the growth sub-fund and reinvested.

82 **3.12.070 Loans from income sub-fund.** The principal of the income sub-fund may be
83 used as a source of loan funds for city capital projects, and not as a grant. To be eligible for such
84 a loan the project must receive a majority of its funding from other sources. Such loans shall be
85 on terms approved by resolution of the City Council, which must provide for the repayment of
86 the loan over a reasonable period of time.

87
88 **3.12.080 Expenditure of principal.** a. Expenditures of Permanent Fund principal may
89 be made only as authorized in this section.

90
91 b. Except as a source of loan funds as provided in subsection 3.12.070, the principal of
92 both the income sub-fund and the growth sub-fund shall neither be distributed nor spent without
93 the authorization of sixty percent of city voters at a regular or special election.

94
95 c. Prior to submitting to the voters the question of whether to distribute or spend funds
96 from the principal of the Permanent Fund, the City Council shall find that all reasonable options
97 for borrowing have been exhausted, including the option of borrowing from the Homer
98 Permanent Fund pursuant to section 3.12.070.

99 **Section 2.** Homer City Code Chapter 3.10, Investment and Collateralization of Public
100 Funds, is hereby amended to add new section 3.10.130 Governance of Homer Permanent Fund
101 Assets to read as follows:

102 **3.10.130 Governance of Homer Permanent Fund Assets.** a. In investing and managing
103 the monies of the Permanent Fund established pursuant to HCC Chapter 3.12, the persons having
104 responsibility for making decisions shall exercise the judgment and care under the circumstances
105 then prevailing which an institutional investor of ordinary prudence, discretion, and intelligence
106 exercises in the management of large investments entrusted to it, not in regard to speculation, but
107 in regard to the long term investment of funds considering the probable safety of capital as well
108 as probable income, in accordance with the stated objectives of the Permanent Fund.

109

110 Page Four
111 Ordinance 05-14(S)
112 City of Homer

113 b. In order to ensure sound investment strategy, the city council will take action in the
114 following manner:

115 1. The city council shall establish written investment policies by formal resolution
116 which shall be adhered to without exception;

117 2. The city council shall review the investment policies of the permanent fund at
118 least once each year during the first quarter and shall, by formal resolution, re-adopt or modify
119 said policies;

120 3. The city council shall establish, by formal resolution, a plan for the allocation
121 of investment assets each year that provides for the following:

122 (a) That earnings available for annual appropriation and distribution shall
123 be confined to the interest, dividends or coupon discounts derived from the investments of the
124 fund. Realized or unrealized gains to the port folio value are not considered earnings,

125 (b) The portfolio of the growth sub-fund will be invested primarily in
126 equities, and is exempt from HCC 3.10.040.

127 (c) The portfolio of the income sub-fund will be invested primarily in
128 bonds and the other fixed rate securities authorized by HCC 3.10.040.

129 (d) The income sub-fund may be used a revolving loan for various city
130 capital projects as provided in HCC Chapter 3.12.

131 (e) Sets forth portfolio duration, and which establishes performance
132 benchmarks, and which estimates the percentage or amount of that year's annual earnings that
133 would be necessary to retain to inflation-proof the fund principal;

134
135 4. The city council shall establish a permanent fund investment committee
136 consisting of the finance director, the city clerk, two members of the city council, and two
137 members of the community at-large. The term of each appointment shall be two years, with
138 initial terms of the city council members and members at-large staggered so that half of the terms
139 will expire each year. The committee shall be appointed by the mayor and confirmed by the city
140 council. The appointment of any city official will automatically terminate on the date when the
141 person no longer holds such city office. Any city council member or member at-large may be
142 removed from the committee at any time by the City Council.

143
144 5. The committee shall meet at least quarterly to provide direction as required for
145 maintenance of the fund. The committee shall provide regular reports of its activity to the city
146 council.

147
148 6. The city administration shall maintain on file within the offices of the Finance
149 Department monthly reports which indicate transactions affecting the investment account, to
150 include, at a minimum, transfers of cash into and out of the account, and interest or dividends
151 received by the account;

152 Page Five
153 Ordinance 05-14(S)
154 City of Homer
155

156 7. The city administration shall order an objective performance evaluation of the
157 investment program every year;
158

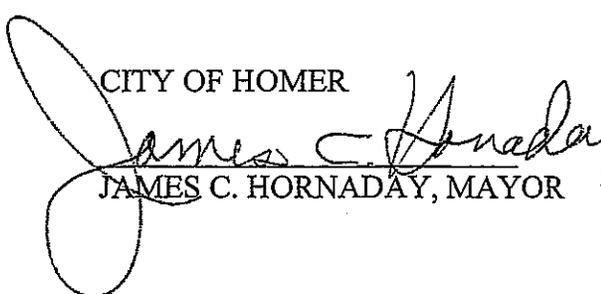
159 8. The city administration shall retain one or more bank custodians to hold all
160 investment cash and fixed income securities of the permanent fund and require that the
161 custodians shall render monthly reports to the administration regarding assets held at both book
162 and market values, and individual transactions which have taken place; that the banks shall have
163 adequate fidelity insurance, and that written contracts be entered into between the city and the
164 custodian banks.
165

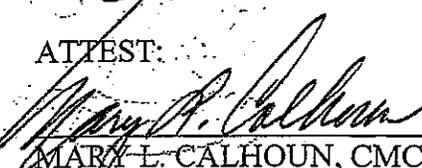
166 c. The city, with the approval of the city council, shall retain one or more professional
167 investment managers to design portfolios and invest funds in accordance with the written
168 investment policies adopted by the city council. The investment managers shall be registered
169 financial advisers with both the United States Securities and Exchange Commission and the state
170 of Alaska, unless otherwise exempt from registration, and the investment managers shall agree to
171 serve as a fiduciary to the city. Each investment manager shall carry professional liability
172 insurance in an amount satisfactory to the city, and the terms of the investment relationship shall
173 be memorialized in a written contract entered into between the city and the respective investment
174 advisers.
175

176 Section 3. Sections 1 and 2 of this ordinance are of a permanent and general character
177 and shall be included in the City Code.
178

179 Section 4. This section is not of a permanent character and shall not be codified. The City
180 Council acknowledges the recommendation of the Permanent Fund Committee that the Council
181 begin the process of considering changing from a First Class General Law Municipality to a
182 Home Rule Municipality.
183

184 ENACTED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA this
185 23rd day of January, 2006.

186 CITY OF HOMER
187 
188 JAMES C. HORNADAY, MAYOR

189 ATTEST:
190 
191 MARY L. CALHOUN, CMC, CITY CLERK

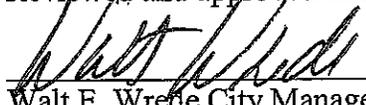
192

193 Page Six
194 Ordinance 05-14(S)
195 City of Homer

196
197 Introduction: 05/24/06
198 Public Hearing: 06/13/05
199 Second Reading: 06/27/05 to committee on 7/25/05 (committee) 11/14/05, 12/12/05
200 Effective Date: 01/23/06 - final reading
201 01/24/06

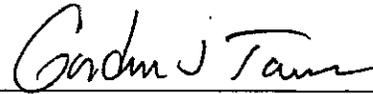
202 Ayes: 6
203 Noes: 0
204 Abstain: 0
205 Absent: 0

206
207 Reviewed and approved as to form:

208
209 
210 Walt E. Wrede City Manager

211 Date 1/24/06
212

213
214 Fiscal Note: NA.


Gordon Tans, City Attorney
1/30/2006

MEMORANDUM 05-115

TO: MAYOR HORNADAY AND HOMER CITY COUNCIL

FROM: COUNCILMAN DOUG STARK

DATE: COUNCIL MEETING OF 27 JUNE 2005

SUBJECT: AMENDMENT TO ORDINANCE 05-14(A) GENERAL PERMANENT FUND

The state's Permanent Fund was adopted by vote of the people, as were most municipal permanent funds. It seems proper for Homer to do the same. This is a big addition to the Code and the citizens should have a chance to take ownership. The following paragraph should be added to the ordinance:

Section 2. This ordinance takes effect following ratification by the voters at the next municipal election October 4,2005.

Renumber Section 2 as 3.

RECOMMENDATION: Amend the ordinance accordingly.

**CITY OF HOMER
HOMER, ALASKA**

Mayor

RESOLUTION 13-016

A RESOLUTION OF THE CITY COUNCIL OF HOMER,
ALASKA, AUTHORIZING THE ALLOCATION OF \$3,554.79
FOR THE PURPOSES OF IMPLEMENTING GREEN DOT IN
HOMER.

WHEREAS, The City of Homer has an interest in reducing sexual assault and domestic violence in Homer; and

WHEREAS, Green Dot is strategy that is being implemented in communities across the globe that recognizes bystanders can be important agents in preventing violent acts; and

WHEREAS A group consisting of representatives from organizations across the community, including the City of Homer, has been meeting to address how to implement elements of Green Dot and bystander violence prevention training in Homer; and

WHEREAS, The community of Homer has been selected by the State of Alaska as a Green Dot pilot project community; and

WHEREAS, Implementing Green Dot is a community wide effort that will require the continued cooperation of many organizations and individuals in Homer; and

WHEREAS, Selection as a Green Dot community includes five training visits from Green Dot Etcetera over two years with associated support; and

WHEREAS, The State of Alaska asks that each community selected as a pilot community come up with \$7,000 as a local match to bring Green Dot trainers to their community; and

WHEREAS, The Homer City Council appropriated and made available for dispersal to an eligible non-profit the amount of \$3,554.79 from the net earnings of five percent (5%) of the Permanent Fund through the adoption of Ordinance 12-58.

NOW, THEREFORE, BE IT RESOLVED that the Homer City Council authorizes the allocation of \$3,554.79 to help with the local match to implement Green Dot in Homer.

PASSED AND ADOPTED by the Homer City Council this 11th day of February, 2013.

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CITY OF HOMER

Mary E. Wythe
MARY E. WYTHE, MAYOR

ATTEST:

Jo Johnson
JO JOHNSON, CMC, CITY CLERK

Fiscal Note: Account Number 999-1043/999-1044 Net Earnings of 5% of the Permanent Fund
\$3,544.79.



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue

Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

MEMORANDUM PFC13-02

TO: PERMANENT FUND COMMITTEE

FROM: JO JOHNSON, CMC, CITY CLERK

DATE: MAY 9, 2013

SUBJECT: ELECTION OF CHAIR AND VICE CHAIR

The Committee is to elect a Chair and Vice Chair. Nominations are opened from the floor. No second is required. Select Chair first and then Vice Chair. The Committee Member may simply make a motion to select _____ as Chair and _____ as Vice Chair.

RECOMMENDATION:

Motion to select _____ as Chair and _____ as Vice Chair.

