

# VALDEZ CITY CHARTER

## Chapter VI. BUDGET PROCEDURE AND GENERAL FINANCE PROVISIONS

### Valdez Charter Section 6.7 – PERMANENT FUND

Section 6.7. Permanent Fund. (a) There is established as a separate account, the Valdez permanent fund. All amounts received by the city from the sale of Marine Terminal Revenue Bonds for its own use and expenditure, as well as any other funds that may subsequently be so designated by the city council, shall be placed in the fund. Each year on the first business day of the city's fiscal year, one and one-half percent (1.5%) of the permanent fund's market value, as determined on the last day of the last accounting year that has been certified by an annual audit, shall be transferred into the general fund for appropriation for operational and capital expenses of the city. The remaining funds and any other funds appropriated for deposit in the permanent fund shall not be spent, but shall be held perpetually in trust for the benefit of the present and future generations of Valdez residents. The fund shall be administered in accordance with the provisions of this section.

(b) Funds placed or deposited in the permanent fund are fund principal which shall be invested in perpetuity only in investments specifically designated in this section, regardless of other provisions of law dealing with permissible investments of city funds.

(c) The assets of the fund may be invested in the following:

- (1) Publicly traded equity investments, including but not limited to preferred and common stock and investment company shares;
- (2) Debt instruments that have been issued by domestic and non-domestic entities including but not limited to the U.S. government, its agencies and instrumentalities;
- (3) Obligations secured by reserves paid in by the United States or agencies or instrumentalities of the United States or corporations in which the United States is a shareholder or member;
- (4) Bank certificates of deposit which are secured as to the payment of principal and interest in accordance with Alaska law; and

(5) Corporate obligations of prime or equivalent quality as recognized by a nationally recognized rating organization;

(6) Domestic and foreign common stocks and preferred stocks of publicly traded companies, provided that the total exposure to stocks shall be diversified among issuers and will not exceed sixty-five percent (65%) of the market value of the permanent fund;

(7) Real estate investments in a portfolio of institutional quality properties (as defined in the investment policy), held in a collective investment vehicle, and managed by a registered investment advisor; provided, that total exposure to real estate investments shall not exceed fifteen percent (15%) of the market value of the permanent fund.

(d) Investment policy shall be formulated by the city council. In formulating investment policy, the council shall consider maximum income and appreciation, consistent with prudent levels of risk and diversification, governed by the prudent investor rule. If an allocation in section 6.7(c) is exceeded, corrective action shall be taken in a reasonable time in accordance with the policy adopted by the city council or its designee.

(e) The council has the power to:

(1) Delegate the power to invest the fund to the city manager or other city official, and require reports relating to the investment as it prescribes;

(2) Hire other persons as necessary to assist the council in the exercise of its powers; and

(3) Take whatever other actions are reasonably necessary in furtherance of the purpose of this section. (Reso. 07-59, § 1; 6-6-06; Reso. No. 97-27, § 1; 7-19-77.)