

Chapter 4.12 LAND FUND

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4.12.010 Purpose.

There is established as a separate account the J.M. Frey Land Fund Reserve. All the proceeds received by the municipality from the sale of borough lands received under the Municipal Entitlement Act, after payment of survey and other costs associated with the management and disposal of said lands, shall be placed in the J.M. Frey Land Fund Reserve. These funds and any other funds appropriated for deposit into the J.M. Frey Land Fund Reserve, shall not be spent, but shall be held perpetually in trust for the benefit of the present and future generations of Skagway residents. The J.M. Frey Land Fund Reserve shall be administered in accordance with the provisions of this chapter. Refer to SCC 16.04.060 for other provisions involving the J.M. Frey Land Fund Reserve revenues.

4.12.020 Deposit and investment of funds.

The prudent man rule shall be applied in the management and investment of the J.M. Frey Land Fund Reserve. The prudent man rule means that in making investments the same judgment and care under the circumstance then prevailing shall be exercised which an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it not in regard to speculation, but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.

4.12.030 Investment policy.

- A. Investment policy shall be formulated by the borough assembly and shall be reviewed by the assembly annually. In formulating investment policy the assembly shall emphasize maximization of income consistent with safety, and shall be governed by the prudent investor rule. Permissible investments are listed in 4.04.020 of this code.
- B. Plans for expenditure from investment income of the J.M. Frey Land Fund Reserve shall be prepared by the borough assembly annually, in coordination with the annual budget cycle, and after consideration of public input obtained from at least one public hearing. Each year a portion of the net investment income by motion of the assembly may be re-invested in the J.M. Frey Land Fund Reserve to help offset the effects of inflation during the previous year. The investment income available for expenditure during any fiscal year shall be the investment income earned during the preceding fiscal year less the amount reinvested to offset the effects of inflation. Un-appropriated or unencumbered balances of income remaining at the close of each fiscal year shall be transferred to fund principal and reinvested.
- C. If a transaction involving J.M. Frey Land Fund Reserve principal results in an actual dollar loss of principal, the loss shall be reimbursed in full from fund income before any additional income may be expended.

4.12.040 Fund management.

A. The borough manager shall act as the municipality's agent to implement the investment policy established by the borough assembly.

B. The borough manager shall obtain an annual audit of the J.M. Frey Land Fund Reserve, to be performed by a certified public accountant licensed to practice in Alaska, and shall submit to the assembly the audit report, together with the borough manager's own annual report on the status and performance of investments, together with such recommendations as he may have, to assist the assembly in formulation of the next cycle of investment policy.