

Introduced by:	Mayor
Date:	09/20/16
Hearing:	10/25/16
Action:	Enacted as Amended
Vote:	9 Yes, 0 No, 1 Absent

**KENAI PENINSULA BOROUGH  
ORDINANCE 2016-35**

**AN ORDINANCE AMENDING KPB 5.10.040 REGARDING THE KENAI PENINSULA  
BOROUGH'S INVESTMENT POLICY TO DELETE AN UNUSED PROVISION AND  
CLARIFY THE SOURCE OF FUNDS FOR THE INVESTMENT IN THE HOMER  
SPECIAL ASSESSMENT DISTRICT**

**WHEREAS,** KPB 5.10.040 identifies authorized investment of the borough's moneys; and

**WHEREAS,** Ordinance 2013-02 amended KPB 5.10.040 to add subparagraph (15) to allow one loan of up to \$600,000 by Kachemak City for construction of a natural gas utility special assessment district; and

**WHEREAS,** the loan was not needed as Kachemak City financed the construction of the project from other sources; and

**WHEREAS,** the investment code should also clarify that the loan made under KPB 5.10.040 (14) to the City of Homer for construction of a natural gas utility special assessment district are investments of the General Fund and not of other members of the borough's investment pool;

**NOW, THEREFORE, BE IT ORDAINED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:**

**SECTION 1.** That KPB 5.10.040 is hereby amended as follows:

**5.10.040. Authorized investments.**

A. Borough moneys shall be invested only in the following instruments. All securities purchased by the borough, and all other borough investments, must mature not later than the time indicated below, measured from the date of the borough's investment transaction:

1. U.S. Treasury securities—5 years;
2. Other obligations by the U.S. Government, its agencies and instrumentalities—5 years;
3. Repurchase agreements of acceptable securities listed in 1 and 2 of this section which meet a margin requirement of 102%; provided, however, the maturity limitations specified in those subsections do not apply if the securities in the repurchase

agreement are marked to market daily;

4. Certificates of deposit and other deposits at banks and savings and loan associations collateralized as provided in Sec. 5.10.070—3 years;
5. Uncollateralized deposits at banks and savings and loan associations, to the extent that the deposits are insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation—3 years;
6. Bonds and notes which are issued by any state or political subdivision thereof, and which are graded A or higher by Moody's Investor's Service, Inc., or Standard and Poor's Corporation—5 years;
7. Prime commercial paper graded A1 or higher by Moody's Investor's Service, Inc., and P1 or higher by Standard and Poor's Corporation—270 days;
8. Prime bankers' acceptances offered by the 50 largest banks—180 days;
9. Medium term corporate notes issued by corporations organized and operated within the United States—5 years. Medium term corporate notes shall be rated as follows:

1 year or less	A rated by two major rating agencies
1—2 years	AA rated by at least one major rating agency
<u>2</u> —4 years	AA rated by two major rating agencies
<u>4</u> —5 years	AAA rated by two major rating agencies;

10. Agency mortgage backed securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, or Government National Mortgage Association;
11. Money market mutual funds whose portfolios consist entirely of instruments specified in subsections 1, 2, and 3 above maturity date not applicable.
12. The Alaska Municipal League Investment Pool, Inc., made in accordance with the terms of that pool's "Common Investment Agreement."

13. Special assessments of the borough or one of its political subdivisions authorized by Chapter 5.35 or 14.31. Total principal investment is not to exceed \$5,000,000.00 at the end of any fiscal year. The rate the borough shall receive when investing in special assessments is the prime rate plus two percent on the date the ordinance confirming the assessment roll is enacted by the assembly.

14. One loan of up to \$12,700,000 to the City of Homer for the construction of a natural gas utility special assessment district. Interest rate shall be at a rate to be negotiated, to accrue beginning on the date of each disbursement to the City of Homer.

[15. ONE LOAN OF UP TO \$600,000 TO KACHEMAK CITY FOR THE CONSTRUCTION OF A NATURAL GAS UTILITY SPECIAL ASSESSMENT DISTRICT. INTEREST RATE SHALL BE AT A RATE TO BE NEGOTIATED, TO ACCRUE BEGINNING ON THE DATE OF EACH DISBURSEMENT TO THE CITY OF KACHEMAK.]

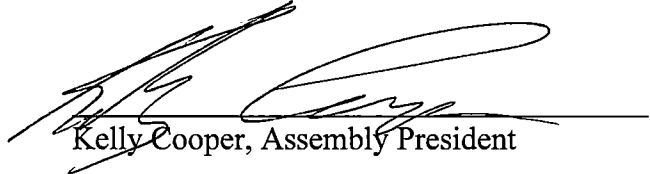
B. Investments made under code sections 5.10.040 A(14) are investments of the Borough's General Fund and not other members participating in the investment pool.

[B]C. No person shall invest any borough moneys in any instrument which is not listed in Subsection A. This prohibition includes but is not limited to, investment of borough moneys in any mutual fund (except as otherwise provided in Subsection A(1)), common or preferred stock, precious metals, option contracts, or futures contracts.

[C]D. This chapter represents the maximum amount of authority and discretion which the finance director may utilize in investing borough moneys. Nothing in this chapter shall be construed, however to prohibit the finance director from adopting standards, rules, policies and procedures which are more restrictive than those contained in this chapter. The enumeration in this chapter of instruments which are authorized for borough investments shall not be construed as requiring the finance director to invest in all, or any particular, instrument contained in said list at any given time. The finance director may invest in some or all of said instruments as he deems appropriate. Similarly, the enumeration of instruments which are acceptable as collateral for borough investments shall not be construed as requiring the finance director to accept all or any particular, instrument contained in said list at any given time. The finance director may accept some of said instruments, and reject others, in his discretion.

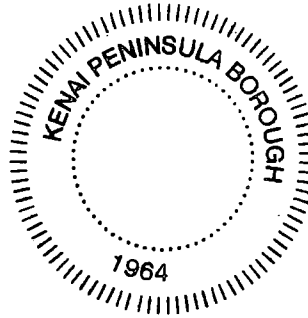
**SECTION 2.** That this ordinance takes effect immediately upon its adoption.

ENACTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH THIS  
25TH DAY OF OCTOBER, 2016.

  
Kelly Cooper, Assembly President

ATTEST:

  
John Blankenship, MMC, Borough Clerk



Yes: Bagley, Dunne, Fischer, Gilman, Holmdahl, Knopp, Ogle, Welles, Cooper  
No: None  
Absent: None