

CITY OF UNALASKA  
UNALASKA, ALASKA

ORDINANCE 2025-10

AN ORDINANCE OF THE UNALASKA CITY COUNCIL APPROPRIATING A CONTRIBUTION TO THE CITY'S SUSTAINABILITY FUND AND TO RETAIN AN INVESTMENT CUSTODIAN AND INVESTMENT MANAGER

WHEREAS, on July 8, 2025, the Council adopted Ordinance 2025-08, which established the City's Sustainability Fund by adopting a new Unalaska Code of Ordinances Chapter 6.06; and

WHEREAS, UCO 6.06.020 provides that contributions to the Sustainability Fund shall be made by non-code ordinance at the discretion of the Council; and

WHEREAS, the City's cash and short-term reserves presently exceed \$80,000,000; and

WHEREAS, appropriating \$50,000,000 (Fifty Million Dollars) for a contribution to the Sustainability Fund will further the goals of the Sustainability Fund while retaining fiscally prudent cash and short-term reserve balances.

NOW THEREFORE, IT IS ENACTED BY THE UNALASKA CITY COUNCIL, as follows:

**Section 1. Classification.** This Ordinance is a Non-Code Ordinance.

**Section 2. Sustainability Fund Appropriation.** The City hereby appropriates \$50,000,000 (Fifty Million Dollars) (the "Contribution") for the Sustainability Fund. The Contribution shall be appropriated from the General Fund.

**Section 3. Sustainability Fund Custodian.** Pursuant to UCO 6.06.040(B), the City shall retain Principal Financial Group, Inc., which currently serves as custodian for other City funds, as custodian to hold Sustainability Fund investment cash and securities.

**Section 4. Sustainability Fund Investment Manager.** Pursuant to UCO 6.06.040(C), the City shall retain Alaska Permanent Capital Management, Inc., which currently serves as investment manager for other City funds, as the professional investment manager to design the Sustainability Fund portfolios and invest funds in accordance with the investment policies set forth in Resolution 2025-45 and adopted in accordance with UCO Chapter 6.06.

**Section 5. Implementation Authority.** The City Manager is hereby authorized to open the custodial account with Principal Financial Group, Inc. as described in Section 3 and to execute on behalf of the City account agreements, or amendments to existing agreements, and similar instruments necessary to establish the account. The City Manager is further authorized to execute on the City's behalf a written agreement, or amendment to the existing agreement, with Alaska Permanent Capital Management for the Sustainability Fund services described in Section 4. The Finance Director is hereby authorized to transfer the Contribution to the newly created Sustainability Fund custodial account.

**Section 6. Effective Date.** This ordinance is effective upon adoption.

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on August 26, 2025.

  
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Vincent M. Tutiakoff, Sr.  
Mayor

ATTEST:

  
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Marjie Veeder  
Acting City Clerk



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## MEMORANDUM TO COUNCIL

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**To:** Mayor and City Council Members  
**From:** William Homka, City Manager  
**Date:** August 26, 2025  
**Re:** Ordinance 2025-10: (Second Reading) Appropriating a contribution to the City's Sustainability Fund and to retain an Investment Custodian and Investment Manager

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**SUMMARY:** The City Council created the Sustainability Fund and adopted policies to guide decisions related to the fund. This non-code ordinance is the next step in the process and will authorize a contribution of \$50M to the new fund as well as appoint the investment custodian and an investment manager to oversee the fund.

**PREVIOUS COUNCIL ACTION:**

- Ordinance 2025-08: An ordinance of the Unalaska City Council amending Unalaska code of ordinances, Title 6 with the addition of a new Chapter 6.06, Sustainability Fund
- Resolution 2025-45: A resolution of the Unalaska City Council establishing authorized investments, investment allocations, and performance benchmarks for the City's Sustainability Fund for Fiscal Year 2026
- Ordinance 2025-10: Council introduced the ordinance on August 12, 2025, made amendments, and scheduled the ordinance for public hearing and second reading on August 26, 2025.

**BACKGROUND:** City Council passed a Directive to the City Manager on February 27, 2024 to initiate the development of an Investment Policy Statement for the establishment of a permanent fund. It should be noted that since this directive was passed it has been decided not to refer to the fund as a "permanent fund" to avoid confusion with an action that would take approval of the voters. "Sustainability Fund" will be used from this point forward throughout this memo.

On June 24, 2025 the City Council adopted Ordinance 2025-08 and amended the Unalaska Code of Ordinances to add Chapter 6.06, creating the Sustainability Fund. At that same meeting the City Council adopted Resolution 2025-45 to establish authorized investments, investment allocations and performance benchmarks for the Sustainability Fund.

On August 12, 2025, Council amended Ordinance 2025-10 on first reading, to designate \$50M as the amount of money the City Council would like to invest in the new Sustainability Fund. Other amendments included clarification that the funding will be transferred from the General Fund and corrected the name of APCM. The ordinance also designates the investment fund custodian as Principal Financial Group and investment fund manager Alaska Permanent Capital Management.

The non-code ordinance on tonight's agenda incorporates the amendments made on August 12, and is ready for public hearing, second reading and adoption.

**DISCUSSION:** The City Council formalized the amount to transfer into the Sustainability Fund as \$50M. Council has the opportunity, if they choose, to change this amount or to change the source of the funding this evening at second reading of the ordinance.

**ALTERNATIVES:** The amounts available in each of the City's investment funds are available for appropriation by the City Council. The balances of each fund as of August 8, 2025 are attached to this memo.

**FINANCIAL IMPLICATIONS:** The amounts invested into this new fund will decrease the amount of interest earned in the other City financial accounts. This will reduce the amount of interest available for future budgeting as the interest earned in the Sustainability Fund will remain in that fund untouched for a minimum of 5 years so the balance will grow more quickly.

**LEGAL:** The City's legal counsel has been working with the City Manager and Bil Lierman of Alaska Permanent Capital Management to prepare the legal documents required to complete this project.

**CITY MANAGER COMMENTS:** I recommend the City Council adopt Ordinance 2025-10, as amended, appropriating a contribution of \$50M into the City's new Sustainability fund, and recommend the funds be transferred from the AMLIP investment account, which is considered part of the General Fund.

**PROPOSED MOTION:** I move to adopt Ordinance 2025-10.

**ATTACHMENTS:** Cash Balances

## Cash and investment balances as of August 8, 2025

Fund	Equity in Central Treasury (cash)
General Fund	115,545,291.10
1% Sales Tax	9,394,835.81
Bed Tax	80,574.44
E911	331,173.32
Tobacco Tax	521,044.12
Capital Projects	11,461,093.30
Paving	820,993.55
Electric	6,876,159.90
Electric Project	10,376,667.75
Water	4,379,608.29
Water Project	6,607,159.35
Wastewater	4,063,433.87
Wastewater Project	252,240.12
Solid Waste	10,811,645.20
Solid Waste Project	1,097,374.95
Ports	(4,487,029.44)
Ports Projects	24,314,775.48
Airport	1,422,436.27
Airport Project	(9,257.67)
Housing	182,530.09
	204,042,749.80
Central Treasury	Balance
Checking	1,810,879.86
AMLIP	79,376,304.23
AR-Interest Receivable	1,508,317.45
Investments	121,347,248.26
	204,042,749.80
Difference	-

**Note: Amounts were taken from the City's accounting system and do not reflect any July AMLIP or APCM investment-related activity**