

**NORTHWEST ARCTIC BOROUGH
ORDINANCE 17-04**

AN ORDINANCE OF THE NORTHWEST ARCTIC BOROUGH ASSEMBLY AMENDING THE NORTHWEST ARCTIC BOROUGH CODE'S FINANCIAL CONTINGENCY RESERVE REQUIREMENTS, AND FOR RELATED PURPOSES.

WHEREAS, Section 6.12.230 of the Northwest Arctic Borough Code established the Financial Contingency Reserve Account as a means of reserving designated revenue as a hedge against financial contingencies; and

WHEREAS, the current balance in the Financial Contingency Reserve Account is approximately \$8.5 million; and

WHEREAS, as Borough revenue from payment in lieu of taxes agreements has increased over time, the Borough has amended its contingency reserve transfer threshold to ensure that annual contingency reserve transfers are appropriate to meet target savings (2012, 2007, 2000, 1998, 1995); and

WHEREAS, if not amended, the current annual mandatory deposit of PILT revenues in excess of \$7.8 million under Section 6.12.230 will cause artificial deficit spending and effectively cap general fund revenue in annually-increasing amounts; and

WHEREAS, the Assembly has determined it is in the best interest of the Borough to amend the requirements of the Financial Contingency Reserve Account to raise the mandatory deposit level to account for increased PILT revenue that will be generated by the Borough's 2016 PILT Agreement with Teck Alaska.

NOW THEREFORE BE IT ENACTED by the Northwest Arctic Borough Assembly as follows:

Section 1: Section 6.12.230 of the Borough Code is amended as follows with additions indicated by underlining in blue and deletions by ~~strikethrough~~ in red:

6.12.230 Financial contingency reserve account.

A. The financial contingency reserve account is established within the general fund in the initial amount of \$500,000. The Assembly shall endeavor to maintain a balance in the Financial Contingency Reserve Account of approximately \$10 million. Contingency Reserve funds in excess of \$10 million shall be transferred to the Borough Sustainability Fund.

B. Except as provided below in subsection (C) of this section, after FY 2002, annual appropriations to the financial contingency reserve account shall be made in an amount determined appropriate by the assembly.

C. After the beginning of FY ~~2013~~ 2017, the funds aggregating more than ~~\$7.8~~ \$10.5 million annually derived from agreements negotiated under NABC 6.08.020 shall be deposited in the financial contingency reserve account.

D. Funds held in the financial contingency reserve account shall not be appropriated for borough expenditures unless the appropriation is approved by a two-thirds majority of the assembly.

E. The contingency reserve fund transfer requirements of this section do not apply to agreements between the borough and mining companies under NABC 6.08.020 dedicated exclusively for village infrastructure and village programs.

F. This section of the borough code may only be amended or repealed by an ordinance approved by a two-thirds majority of the assembly. (Ord. 17-04 § 1, 2017; Ord. 12-01 § 1, 2012; Ord. 07-03 § 2, 2007; Ord. 00-13 § 1, 2000; Ord. 00-08 § 1, 2000; Ord. 98-01 § 1, 1998; Ord. 95-05 § 2, 1995; Code 1986 § 6.16.180).

Section 2: This is a code ordinance to be effective immediately.

PASSED AND ADOPTED THIS 31st DAY OF May 2017.



Carl Weisner, Assembly President

APPROVED THIS 31st DAY OF May 2017.



Clement Richards, Sr., Mayor

ATTESTED THIS TO THIS 31st DAY OF May 2017.



Stella Atoruk, Borough Clerk

ATTEST:

First Reading: April, 25, 2017

Second Reading: May, 31, 2017

