

CITY OF GUSTAVUS, ALASKA

Policies and Procedures

**~~TITLE: POLICY AND PROCEDURE FOR AWARDING GRANTS FROM THE
ENDOWMENT FUND EARNING, DETERMINING ANNUAL GRANT AMOUNTS,
ANNOUNCEMENT OF FUND AVAILABILITY, AND FUNDS TRANSFER~~**
SECTION I

POLICY:

It is the policy of the City of Gustavus to maintain the integrity and purchasing power of the Endowment Fund (Fund) equal to, or greater than, its original 2004 purchasing power through application of earnings first toward inflation proofing and then to disperse extra earnings in the form of grants supporting qualified, **local** projects offering broad value to the community.

The Mayor is accountable for assuring that steps in this procedure are completed and documented.

PROCEDURE:

The following steps shall be followed by the Mayor or his/her designee:

1. Inflation-Adjusted Principal Value determination. By July 31st of each year, calculate the inflation-adjusted value as of June 30th of the original principal of the Fund, further adjusted as necessary per additions made over time to the principal, using the following steps applying the Anchorage Consumer Price Index (CPI) as posted in July for the first half of the calendar year by the Alaska Department of Labor at <http://labor.alaska.gov/research/cip/cip.htm>:
 - a. Determine the latest CPI index for Anchorage from the posted table
 - b. Determine the multiplier value by dividing the current CPI index by the 2004 index value of 165.6 (average value for first half of 2004)
 - c. Multiply the original value of the Fund (\$963,000.00) by the multiplier determined in step b
 - d. The result of the calculation in step c is the inflation-adjusted value of the original principal.

Example: calculation of inflation-adjusted value as of June 30, 2015:

June 30, 2015, CPI = 217.111

Multiplier value = $(217.111)/(165.6) = 1.311$

Inflation-Adjusted Principal Value for July 1, 2015, is

$(963,000) = \$1,262,000$ (rounded to four significant figures).

05_21_2025 FINAL DRAFT ENDOWMENT FUND
POLICY AND PROCEDURE SECTION 1

This process will be duplicated for any additions to the fund principal, except that the CPI Index for the year(s) of the addition(s) will be used in the calculation.

2. Present Market Value determination. Determine the present market value of the Fund as reported by the Fund manager for June 30th of the present year.
 - a. Example: The present market value of the fund for June 30, 2015, was \$1,403,944.00.
3. Excess earnings determination. Calculate the excess earnings in the Fund, from which distributions may be made, by subtracting the inflation adjusted principal from the present market value of the fund.
 - a. Example: The excess earnings available as of June 30, 2015, were:
 - i. $\$1,403,944 - \$1,262,000.00 = \$141,944$
4. Available funding for fiscal year. Calculate the funding available as 3% of the average market value of the Fund at June 30th of the last five (5) years.
 - a. Example: Three percent (3%) of the average annual market value for five (5) years through June 30, 2015, is calculated as:

June 2015:	\$1,403,944
June 2014:	\$1,391,960
June 2013:	\$1,265,225
June 2012:	\$1,188,172
June 2011:	\$1,282,926
3% of Average	\$ 38,466

5. Grant Funding availability determination. The maximum amount available for granting in the present year is 3% of Average market Value or the present year Excess Earnings, whichever is less. Un-awarded/unexpended grant funds from previous years over \$1000 will be returned to the Endowment Fund account to earn interest for future awards. The example for 2015: Three percent (3%) of the five-year Average Market Value is \$38,466. The Excess Earnings amount is \$141,944. The lesser of the two is \$38,466. No un-awarded grant funds remain from previous years so \$38,466 may be made available.
6. Announcement of grant application period. The City Council shall, on ~~September 1st~~ **July 1** of each year, or as early thereafter as possible, post an announcement to the Gustavus public of the availability of Endowment Fund Grants with the total amount available. The

05_21_2025 FINAL DRAFT ENDOWMENT FUND
POLICY AND PROCEDURE SECTION 1

announcement shall include eligibility requirements, selection criteria, an application procedure and outline, and a deadline of **October 31st**.

- ~~7. Transfer of new grant funds from Fund. On **December 1st**, the City Treasurer will transfer the year's determined available grant funding from the Endowment Fund to the Endowment Fund Grant checking account.~~
7. Grant Application closing. On October 31st of each year, close the application period. In **early November**, Applicants will be sent an email confirming receipt of their application and eligibility determination and the date of the Endowment Fund Working Group work session with applicants.
8. Transfer of new grant funds from Fund. On **December 1st**, the City Treasurer will transfer the year's determined available grant funding from the Endowment Fund to the Endowment Fund Grant checking account.