
Investment Committee Minutes

Monday, February 8, 2016 3:00 PM
3rd Floor Conference Room of City Hall

Goal: To make recommendations for and oversee the Investment Policy of the City and Borough of Sitka enacted as Chapter 4.28.

Investment Committee Members: Michael Reif, Bert Stedman, Jere Christner
Mim McConnell (Assembly Liaison)

Meeting began at approximately 2:02 PM.

I. Roll Call

Present: Michael Reif, Bert Stedman (teleconference), Jere Christner
Staff: Municipal Administrator Mark Gorman, CFAO Jay Sweeney, Deputy Clerk Melissa Henshaw
Assembly Liaison: Mayor McConnell

II. Approval of the minutes from December 8, 2015

M - Christner/S - Stedman moved to approve the minutes from December 8, 2015. Motion carried unanimously.

III. Person's to be Heard

None.

IV. Continued Discussion of Inflation Proofing and Timeline/Wording of Permanent Fund Charter Change Ballot Proposition

Chair Reif told the purpose of the meeting and gave the floor to Sweeney who went over a spreadsheet that he had updated from year 2000 to 2013 of Permanent Fund growth with the distribution to the General Fund of 4% from the outset. Prior to 2000, the take out was the actual earnings of the Fund. He explained the mechanism he used stating it was basic and gave an analysis.

Reif shared that he would like to model after the City of Fairbanks and thought it would be good long-term. He told of the importance of presentation to the community as sustainable and that currently the Fund has not kept up with inflation.

Stedman mentioned bond yields with regards to the spreadsheet, thought 6% was on the high end, wondered if the 0% to 4% was too conservative and public support for, that the Assembly needs flexibility, and told of positive benefits with a 6% take out.

Christner stated that he would like to be conservative and thought to have an additional rule or constraint of .5% to be withdrawn for non-operational capital needs as the Fairbanks model has.

Sweeney told of his two perspectives stating he liked the idea of flexibility with a floor and

ceiling annually, and reminded the Committee that each .5% was the cost of an employee. Gorman thought a four year transition period would work.

General consensus was for staff to draft an ordinance based on the Fairbanks model with a distribution amount between 0% and 4% with an option of the Investment Committee to advise the Assembly of an additional .5% withdrawn for non-operational capital needs with a timeframe to step down .5% per year to get to that rate. A motion could be made to adopt the ordinance at a future meeting.

V. Adjourn

Committee agreed the next regular meeting should take place late March or early April. Seeing no objection the meeting adjourned at 3:54 PM.

Attest:
Melissa Henshaw, Deputy Clerk