
Investment Committee Minutes

Thursday, March 31, 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 3:00 PM.

I. Roll Call

Present: Michael Reif, Bert Stedman (teleconference – left the meeting at 4:00 PM), Jere Christner
Staff: Municipal Administrator Mark Gorman (joined the meeting at 4:00 PM), CFAO Jay Sweeney,
Deputy Clerk Melissa Henshaw
Assembly Liaison: Mayor Mim McConnell

II. Approval of the minutes from February 8, 2016

M – Christner/S – Reif moved to approve the minutes from February 8, 2016 as presented. Motion carried unanimously of both members present at the time of approval.

III. Person's to be Heard

None.

IV. APCM Report

Senior Vice President Laura Bruce and Portfolio Manager Brandy Niclai with Alaska Permanent Capital Management (APCM) presented the spending policy analysis dated February 2016. Niclai told of types of spending policies and rates with regards to: summary of current situation; summary of “assignment”; a sustainable rate; types of distribution structure, expected values of, and range of values.

V. Annual Transfer Formula

Reif asked City staff what rate would work for the City's needs and goals. Sweeney was in support of budgetary stability, told of FY2017 budget with a distribution of 6% and a return of .5% with regards to the Permanent Fund, and of the Citizens' Taskforce upcoming recommendation to the Assembly of a \$700,000 decrease in the General Fund for FY2017. Sweeney gave his thoughts on the Hybrid method of distribution and brought up the idea of a .5% decrease every other fiscal year as opposed to every year. Discussion occurred around the percentage of distribution including a .25% every year, the risk involved, and value of the percentage; marketing to the public with regards to a decline in value; and a formal APCM portfolio review through first quarter. Staff will determine the date/time.

Gorman told the Committee of the FY2017 budget with regards to: reductions, revenue ideas, elimination of exemptions and the idea of an ordinance to transfer money back into the Permanent Fund.

Discussion transpired around introducing an ordinance similar to the infrastructure sinking fund, together or separately, and ballot failure.

M - Reif/S - Christner moved to direct staff to make an ordinance change on the percent invested of the equities to 65%, to keep the current structure of 6% with a three year moving average and direct staff to work with the management consultants on the appropriate investment vehicle(s). Motion carried unanimously of the two members present.

There was further discussion on options of distribution.

M - Christner/S - Reif moved to direct staff to produce an ordinance which puts in place a requirement as part of the annual budget submission to the Assembly for some provision of a transfer of funding back from the General Fund to the Permanent Fund take place for the purpose of inflation proofing. Motion carried unanimously of the two members present.

VI. Adjourn

Staff will follow up on the portfolio review with APCM. Seeing no objection the meeting adjourned at 4:43 PM.

Attest:
Melissa Henshaw, Deputy Clerk