
Investment Committee Minutes

Friday, April 25, 2014 10:00 AM
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: Bert Stedman, David Arp, Jere Christner
Mike Reif (Assembly Liaison) and Pete Esquiro (Alternate Assembly Liaison)

Meeting began at 10:04 AM.

Present: David Arp, Jere Christner

Secretary: Melissa Henshaw, Assistant Clerk

Staff: Mark Gorman (Municipal Administrator), Jay Sweeney (CFAO), Michael Middleton (Deputy Finance Director)

Assembly Liaison: Mike Reif, Pete Esquiro

Members of the Public: Garry White (SEDA)

I. Bulk Water Revenue Allocation Ordinance

Jay Sweeney shared some history stating that the previous Administrator had the funds each at 25% for Water/General/SCIP/Electric and questioned where the money should be allocated for future sales. There was an Ordinance drafted recently that was later pulled at the Assembly.

Garry White informed that Chapter 4.06 states where the funds should be allocated. He stated that the SCIP Board should recommend to the Assembly allocation of the funds. Noting that the funds will be changed over time when need be by the Assembly.

Mike Reif suggested that there be a maximum limit of 5 or 10 million of where the money should be allocated and letting the board then determine allocation. He stated his concerns in deferred maintenance.

Dave Arp suggested that the Assembly should have vote on where the money should be allocated after costs for marketing and infrastructure are taken into consideration. He doesn't want to earmark money for the future. He sees these as general revenue not special funds.

Jere Christner did not agree with a blanket percentage and stated that the Enterprise Fund should not run things.

Mark Gorman didn't see the need to differentiate between fees and sales since it is all considered revenue.

Mike Middleton suggested terminology of fund names to avoid auditing difficulties.

It was determined that Garry White will draft an Ordinance to bring back to the committee for review.

II. Review the Permanent Fund 6% Drawdown/Consider New Methodology

Jay Sweeney distributed documents that included a 10 year snap shot performance of the Permanent Fund, actual holdings, provisions of the Charter, the Investment Policy 4.28 among others. He asked others their opinion of what to do as over time this fund has shifted and percentages have changed yet the transfers to the General Fund have remained constant. He stated that changes must go to the Assembly and then to the voters.

Mike Reif shared history stating that he helped draft this charter with Investment Committee Member Bert Stedman and previous Administrator Gary Paxton. He stated that this fund was set up to model the State's Permanent Fund and suggested looking at that again; that it needs to be inflation proofed; stair step down; and new language to replace Charter.

It was determined that Jay will draft new language to replace the Charter with the goal to have this on the October ballot.

III. Adjourn

The meeting ended at approximately 12:00 PM.

Attest:
Melissa Henshaw, Assistant Clerk
Secretary