
Investment Committee Minutes

Tuesday, May 26, 2015 2:00 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,
Michelle Putz (Assembly Liaison)

Meeting began at approximately 2:00 PM.

I. Roll Call

Present: Michael Reif, Jere Christner

Secretary: Melissa Henshaw, Deputy Clerk

Staff: Municipal Administrator Mark Gorman, CFAO Jay Sweeney

Assembly Liaison: Michelle Putz

Members of the Public: Laura Bruce, Evan Rose with Alaska Permanent Capital Management via telephonically

II. Approval of the minutes from April 6, 2015

M – Christner/S – Reif moved to approve the minutes from April 6, 2015. Motion carried unanimously.

III. Portfolio review

Sweeney reviewed the Portfolio Composition and Yield as of April 30, 2015. There has not been broad gains in equities over the last five months; interest yield curve has risen slightly; inflation remains tame. In the Combined Portfolio, we have not enacted any significant alterations in our investment strategy other than the engagement of Alaska Permanent Capital to manage the fund. In house, we have continued to follow the basic strategy of when there are excess funds or maturity, we reinvestment out at the end of the ladder seeking the best possible return. There has been very minimal investment activity in the last three months. He stated that the Central Treasury overall weighted yield will continue to drop as some of the older higher yielding investments mature. The Permanent Fund remains at an elevated level at 24.2 million, discussed that the largest portion are stock mutual funds at 56% and mentioned that the maximum limit is 75%, the overall weighted yield is lower than Central Treasury due to the stock mutual funds as their purpose is for total return. The 6% take out was achieved by taking the return of principle when there were maturing bonds and using that as a source of cash for distribution to the Permanent Fund and making that back up with increasing portion of unrealized gains in the equity mutual funds. He explained that 2 million is kept in the Municipal League Investment Pool for quick liquidity/extra reserve for unforeseen immediate access to cash. Alaska Permanent Capital clarified that they are the advisor, the money is managed by Key Bank and the Pool is AAA rated.

He provided the custodial statement as of April 30th for FNBA, a portfolio summary of the mutual funds from PiperJaffray, and a summary from KeyBank from the balance of the AML investment pool, and Putnam growth Class A fund which had a decline of value.

Sweeney asked Alaska Permanent Capital for a brief description of the terminology for Exchange Trading Funds as he moves forward with writing an ordinance to modify the investment policy.

Alaska Permanent Capital went over the *Spending Policy Discussion* PowerPoint starting with a status report and agenda consisting of contract status, custodian, authorized investments, and Charter language. Discussion occurred with determining the City's priority with asset preservation as the number one priority and budgetary stability as secondary. They went over what other Alaskan governments do with regards to account type, distribution rate, calculation method, and other rules or constraints that they have.

IV. Discussion of Charter language for fall election

Alaska Permanent Capital continued beginning with current language and future language in which they will send prior to June 10 for the June 23rd Assembly meeting. Discussions included keeping a ceiling and floor, the length of time for the average, and the percent of distribution.

M - Reif/S - Christner moved to charge Alaska Permanent Capital drafting language to the Charter language. Motion carried unanimously.

V. Set the next meeting date

To be determined.

VI. Adjourn

The meeting ended at approximately 3:52PM.

Attest:
Melissa Henshaw, Deputy Clerk