

POSSIBLE MOTION

I MOVE TO approve Ordinance 2017-26 on
second and final reading.

Memo

Through: Phil Messina, Interim Administrator
To: Mayor Hunter and Assembly Members
From: Jay Sweeney, Chief Finance and Administrative Officer
Date: July 18, 2017
Re: Revision of Municipal Investment Policy To Establish Guidelines For External Investment Management

During the last two years, the Assembly has approved the external management of investment of Municipal funds (initially the Sitka Permanent Fund, followed by operating funds) by Alaska Permanent Capital Management.

The current Municipal Investment Policy, as set forth in Chapter 4.28 of the Sitka General Code, does not address external investment of funds. As external investment is not specifically prohibited (it is simply not addressed), the previous approvals by the Assembly do not violate the Sitka General Code.

Going forward, however, Staff believes that explicit authorization of external management of investments in the investment policy would be prudent, establishing that internal investment management is henceforth authorized. The Investment Advisory Committee has recommended this action and change in its meetings as well.

Paragraph C of the proposed code section contains important safeguards that should be set forth in code if external management is to continue. These safeguards help to ensure that checks and balances are put in place to help protect Sitka's investments, and, that a third party is engaged to make sure that Sitka's investments are both safe, and, that Sitka receives the exact securities it has purchased. Such safeguards have been in place already for decades (we are not proposing anything new that we are already not doing). Placing the safeguards in the SGC, however, will ensure that the safeguards remain into the future to guide future staff members and Assemblies.