
Investment Committee Minutes

Thursday, May 23, 2019 3:00 p.m.
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, Max Rule (Alternate)
Dr. Richard Wein (Assembly Liaison)

The Chair called the meeting to order at approximately 3:00 p.m.

I. Roll Call

Present: Michael Reif, Jere Christner

Staff: Municipal Administrator Keith Brady, CFAO Jay Sweeney; Controller Melissa Haley, Deputy Clerk Melissa Henshaw

Assembly Liaison: Dr. Richard Wein

Others: Blake Phillips (Alaska Permanent Capital Management)

II. Approval of the minutes

A. March 1, 2019

M – Christner/S – Reif moved to approve the minutes from March 1, 2019 as presented. Motion carried by a unanimous voice vote of the two members present.

III. Persons to be Heard

None.

IV. Reports

B. APCM Portfolio Review

Blake Phillips with Alaska Permanent Capital Management (APCM) gave an overview of both the Permanent Fund and the Operating Fund as of April 30, 2019. He went into depth of the overall market and market outlook. He reported on total returns by asset class, market value, asset allocation, and account performance for the Permanent Fund.

V. Unfinished Business

C. Fiscal Policy

Chair Reif noted the process that was determined at the March 1st meeting. He reiterated that the assembly would choose a fund and to that the department head of the fund would be involved. He felt that confirmation was needed from the assembly since this project would consume a lot of staff and committee member time. Members and staff gave suggestions of funds: Harbors, Water, or Wastewater. Reif stated that further subsidies from the state would not be continuing and the need for funds to sustain themselves. Controller Melissa Haley suggested starting with one fund and to use benchmarks of rates along with looking at other communities. Christner gave examples of how to approach a fiscal policy.

M – Christner/S – Reif moved to recommend the assembly choose one Enterprise Fund to develop a fiscal policy for, with the suggestion of choosing either Harbor, Water, or Wastewater and include the key elements* with the Fund's Department Head

involvement. Motion carried by a unanimous voice vote of the two members present.

*Key elements discussion at the March 1, 2019 meeting were: overall working capital; renewal, replacement, repair of working capital; debt level, financing decisions; user fees; and best practices.

VI. New Business

D. Discussion of transferring the Southeast Economic Development Fund balance into the Permanent Fund

Controller Melissa Haley gave the history of the Southeast Economic Development Fund from FY1997 to FY2018. She gave an overview of funding received, interest income, interest/loan repayments, advances/loans out of the fund to both internal/external entities and grants given from the fund. CFAO Jay Sweeney gave examples highlighting the Gary Paxton Industrial Park and the Electric Fund. He stated that the interest repayments went to the Building Maintenance Fund. He gave history with the change of lending requirements from the fund which has deterred loans. Haley noted the cash balance as of the end of FY2018 at \$2,253.891. Wein was in support of the balance being preserved and moved into the Permanent Fund. Sweeney warned that if the money was transferred out, the Building Maintenance Fund would need to be worked through without cash flow to it.

Reif noted that if the Permanent Fund had been keeping up with inflation, it would have approximately \$7 million more in it. Christner wondered if there were requirements from the grants received. Staff would research historical records with regards to any requirements on the grant funding. Haley noted that a code change would be required to transfer the funds.

M – Christner/S – Reif moved to recommend to the assembly the balance of the Southeast Economic Development Fund be moved over to and managed within the Permanent Fund after appropriate due diligence. Motion carried by a unanimous voice vote of the two members present.

VII. Adjourn

M – Christner/S – Reif moved to adjourn. Seeing no objection, the meeting adjourned at 5:32 p.m.

Attest:
Melissa Henshaw, Deputy Clerk