
Investment Committee Minutes

Thursday, November 17, 2022, 3:00 p.m.

Harrigan Centennial 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, Kenneth Cameron (Alternate)
Thor Christianson (Assembly Liaison)

The Chair called the meeting to order at approximately 3:05 p.m.

I. Roll Call

Present: Michael Reif, Jere Christner, Kenneth Cameron, Bert Stedman

Absent: None.

Staff: Municipal Administrator John Leach, Finance Director Melissa Haley,
Deputy Clerk Jessica Earnshaw

Assembly Liaison: Thor Christianson

Others: Blake Phillips with Alaska Permanent Capital Management (APCM)

II. Approval of the minutes

A. August 22, 2022

**M - Cameron / S - Christner- moved to approve the minutes from August 22, 2022.
Motion carried unanimously of the two members present.**

III. Persons to be Heard

None.

IV. Reports

B. APCM Portfolio Review

Starting with a review of the Permanent Fund and operating fund for the period ending September 23, 2022, Blake Phillips provided an account summary. He mentioned that as of June 2015, the total contributions to the Permanent Fund amounted to just over \$40 million, while cumulative withdrawals reached \$18 million. As of the end of September 2022, the current market value of the Permanent Fund was just under \$29 million. Additionally, by the end of August, there was a noticeable recovery in some of the markets.

Moving on to the operating fund managed since 2017, Blake highlighted that the current market value at the end of September was \$70.3 million. Over the years, the Sitka Permanent Fund has exhibited an average annualized return of 4.24% since its inception.

Phillips proceeded to give an account summary on the market review. He noted that in

Europe and the United Kingdom, economic activity had faltered due to higher energy prices and commodity shortages stemming from the war in Ukraine. Meanwhile, growth in China was slowing due to the government's stringent pandemic measures, a steep property downturn, and cooling export growth.

While there were signs of inflation pressures starting to ease, the labor market remained tight, and this tightness was the underlying source of inflation. As a response, Central Banks were advised to continue the tightening cycle until below trend economic growth steered inflation towards the long-term target of 2%.

According to Blake Phillips, the portfolio had outperformed its benchmark year to date by ninety-one basis points. The negative total return performance was attributed to the rising interest rates, as bond yields and prices are inversely related. Currently, the portfolio's duration was below the benchmark due to the expectation that front-end interest rates would continue to rise as the Fed increases the fed funds rate. Moreover, the yield to maturity of the portfolio has risen to 4.14% from its previous value of 2.87%.

Reif thanked Blake Phillips and his staff for their work on keeping them updated.

V. Unfinished Business

None.

VI. New Business

Discussion/Direction: Transitioning the Investment Committee to the Finance Committee

The Committee felt that they would wait to discuss the item later.

VII. Adjourn

M – Cameron / S – Reif - moved to adjourn. Seeing no objection, the meeting adjourned at 4:05 p.m.

Attest:
Jessica Earnshaw, Deputy Clerk