

Session 14-04 a Special Meeting of the Permanent Fund Committee was called to order on September 18, 2014 at 5:15 p.m. by Chair Barbara Howard at the City Hall Conference Room located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMITTEE MEMBERS: BARBARA HOWARD, JO JOHNSON,
ZHIYONG (JOHN) LI, MATT NORTH,
FRANCIE ROBERTS

STAFF: CITY MANAGER WREDE

APPROVAL OF AGENDA

NORTH/ROBERTS – MOVED TO APPROVE THE AGENDA.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA

There were no public comments.

APPROVAL OF MINUTES

A. Synopsis of Special Meeting of August 14, 2014

ROBERTS/JOHNSON – MOVED TO APPROVE THE MINUTES OF AUGUST 14, 2014.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VISITORS

STAFF & COUNCIL REPORT/COMMITTEE REPORTS/BOROUGH REPORTS

PUBLIC HEARING

PENDING BUSINESS

- A. Review of Homer City Code 3.12 the Established Investment Policies of the Permanent Fund

Chair Howard requested New Business be heard before Pending Business.

The committee recommended no changes to the investment policies.

NEW BUSINESS

- A. Review of the Contractual Agreement with U.S. Bank to Manage the Permanent Fund

John Li reported he and Matt North talked with U.S. Bank about the fees. There are no transaction fees. U.S. Bank charges 0.75% basis points based on the value of the fund, or \$15,000 in fees per year.

Matt North explained charging 0.75% basis points on the value of the account is fair. They can adjust the fees to beat competition. He showed a portfolio of the mutual funds under U.S. Bank management with a 22.82% return. If we would have bought the S&P 500 it would have done 25%. He ran another scenario from January 2014 through July 2014 with a 7.14% return from U.S. Bank with the S&P 500 at 9.89%. We have paid U.S. Bank 0.75% basis points to underperform the market by 2 points. Matt North will complete a three-year comparison.

The committee requested that Matt North run a three-year comparison of U.S. Bank returns and the S&P 500. If U. S. Bank returns are under the S&P 500 Index, the committee requests termination of the contract with U.S. Bank. The committee will then inform the Council we are moving forward to issue a Request for Proposals.

We can request the \$15,000 fee be restored to the income account and fees come out of the equity side.

INFORMATIONAL MATERIALS

COMMENTS OF THE AUDIENCE (3 MINUTE TIME LIMIT)

There was no audience.

COMMENTS OF THE CITY STAFF

City Manager commented the committee is doing a great job. He thanked everyone for their service.

COMMENTS OF THE COUNCILMEMBER

COMMENTS OF THE CHAIR

Chair Howard commented the Council will appoint a council member to fill her position.

COMMENTS OF THE COMMISSION

Matt North told Barbara goodbye and asked her to hurry back.

John Li thanked Barbara.

Jo Johnson thanked Barbara.

Francie Roberts thanked Barbara and told her that her knowledge and assistance will be missed.

ADJOURNMENT/NEXT REGULAR MEETING

There being no further business to come before the committee, Chair Howard adjourned the meeting at 5:59 p.m. The next Regular Meeting is scheduled for Thursday, November 13, 2014 at 5:15 p.m. in the Homer City Hall Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

Submitted by Jo Johnson