

Session 13-04 a Special Meeting of the Permanent Fund Committee was called to order on June 20, 2013 at 5:15 p.m. by Chair Barbara Howard at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

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

APPROVAL OF AGENDA

ROBERTS/NORTH - 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 May 9, 2013

ROBERTS/NORTH - MOVED TO APPROVE THE MINUTES OF MAY 9TH.

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 3.10 and 3.12, Investment Policies of the Permanent Fund

Memorandum PFC 13-03 from City Attorney as backup.

Memorandum PFC 13-04 from City Attorney as backup.

The committee reviewed the investment policies of the Permanent Fund as outlined in Homer City Code 3.10 and 3.12.

The following recommendations for amendments were made:

3.10.130 Section c after Section 8 should be numbered Section 9. This is a housekeeping amendment.

3.12 definitions are needed.

3.12.020(b) the definition of wind-fall monies is not consistent with 3.12.020 contributions and should be moved to definitions.

3.12.020(a) & (c) incongruent statements about the funds – shall be/are available.

3.12.030(a) amend “income” to “growth” (should be 60% allocation to growth sub-fund)

3.12.030(b) amend “growth” to “income” (should be 40% allocation to income sub-fund)

Amending the allotment percentages would place our Permanent Fund investments in line with standard investing procedures. It would be an improved investment strategy. The Finance Department has already used our recommended standard delineation instead of the ordinance mandate.

3.12.060(c) replace current language with “Semi-annually the growth and income sub-fund will be rebalanced to maintain a 60/40 balance of the two funds. The income sub-fund will not transfer money to the growth sub-fund.

The new language in this section clarifies the procedure the Finance Department should take to keep the growth sub-fund feeding the income sub-fund. If this procedure does not happen, the growth fund will grow ad infinitum and never be able to be utilized by the city government as the ordinance is currently written. This type of rebalancing tool is a common risk management tool.

3.12.080(b) indicates sixty percent of city voters – needs to be 60% of voters who cast votes at a regular or special election

The committee feels the number of 60% of registered voters is a number that never can be achieved given historical voter turnouts. Although this number protects the fund, it could never allow the fund to be utilized if an emergency arose.

When the Exxon Valdez monies and other windfall monies were received in the past, the Finance Department did not break out the 5% money. At this time, these funds are comingled with the city Permanent Funds. According to the committee calculations this would have been about \$71,000.00. The council allocated \$3,554.79 to the Green Dot program in the past year. It was the intention of the council that these funds were from the 5% non-profit funds. This leaves roughly \$67,000. The committee recommends that the estimated \$67,000 be transferred to the Homer Foundation City of Homer Endowment Fund. These funds will be added to the current

amount of \$22,000. The income from the City of Homer Endowment Fund can be allocated to nonprofits on a yearly basis.

The committee decided a memorandum was needed to explain the proposed amendments to the Permanent Fund investment policies.

The recommendations will be forwarded to the City Attorney for review and request for a new ordinance. The committee expects to review the ordinance at a special meeting scheduled for July 11, 2013 at 5:15 p.m.

NEW BUSINESS

INFORMATIONAL MATERIALS

COMMENTS OF THE AUDIENCE (3 MINUTE TIME LIMIT)

There was no audience.

COMMENTS OF THE CITY STAFF

There were no comments from the staff.

COMMENTS OF THE COUNCILMEMBER

Councilmember Roberts commented she likes working with this committee.

COMMENTS OF THE CHAIR

There were no comments from Chair Howard.

COMMENTS OF THE COMMISSION

There were no comments of the committee.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 6:47 p.m. A Special Meeting is scheduled for July 11, 2013 at 5:15 p.m. and the next Regular Meeting is scheduled for Thursday, August 8, 2013 at 5:15 p.m. in the Homer City Hall Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

Submitted by Jo Johnson