

Session 14-03 a Regular Meeting of the Permanent Fund Committee was called to order on August 14, 2014 at 5:17 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, MATT NORTH, ZHIYONG (JOHN) LI  
ABSENT: FRANCIE ROBERTS

**APPROVAL OF AGENDA**

JOHNSON/NORTH – MOVED TO APPROVE THE AGENDA AS PRESENTED.

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 Regular Meeting of June 12, 2014

JOHNSON/LI – MOVED TO APPROVE THE MINUTES OF JUNE 12, 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**

## **NEW BUSINESS**

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

The committee discussed the administrative costs charged by U.S. Bank in relation to the investment. Committee Member John Li spoke with the investment manager at U.S. Bank about the high fees and they reduced the fee from 1% to .75% of the holdings.

The consensus of the committee is that U.S. Bank is passively managing account activities, just once or twice a year. The City is being charged a large fee for very little gain. It may be more lucrative to invest the funds in CDs than the current investment plan, or take a slightly higher risk for higher yield.

JOHNSON/NORTH – MOVED TO EXPLORE THE OPTION OF REMOVING THE PERMANENT FUND FROM U.S. BANK AND INVESTING THE FUND WITH ALASKA MUNICIPAL LEAGUE.<sup>1</sup>

Discussion ensued on the need to review the quarterly statements from U.S. Bank and the investment policy. Committee Members Matt North and John Li are going to request the last two years of quarterly statements, run an analysis, and report back to the committee. The committee discussed issuing an RFP for a full service brokerage firm.

A Special Meeting was scheduled for September 4<sup>th</sup> to discuss the matter again.

## **INFORMATIONAL MATERIALS**

### **COMMENTS OF THE AUDIENCE (3 MINUTE TIME LIMIT)**

There was no audience.

### **COMMENTS OF THE CITY STAFF**

### **COMMENTS OF THE COUNCILMEMBER**

### **COMMENTS OF THE CHAIR**

Chair Barbara Howard thanked everyone for their good work. We want to get to a reasonable, understandable, and predictable position on the investments of the Permanent Fund.

### **COMMENTS OF THE COMMISSION**

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<sup>1</sup> A vote was not taken on the motion.

Committee Members Li, Johnson, and North had no comment.

## **ADJOURNMENT**

There being no further business to come before the Committee, the meeting was adjourned at 5:48 p.m. A Special Meeting is scheduled for Thursday, September 4, 2014 at 5:15 p.m. in the Homer City Hall Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

Submitted by Jo Johnson