

PENDING BUSINESS

A. Investment Policy Statement – Comparison of Existing and Proposed Policy Statement with U.S. Bank

At the May meeting U.S. Bank representative Jorgen Gustafson was here to explain the statements. Bank fees in comparison to returns are high; there will be no adjustment in bank fees, just an adjustment on investments that may not produce any higher returns.

HOWARD/ROBERTS - MOVED TO TELL THE CITY COUNCIL THIS ISN'T WORKING AND WE'D LIKE TO RESIND THE ORDINANCE, SHUT IT DOWN, BRING THE MONEY HOME, AND INVEST IT AS GENERAL FUND MONEY.

The committee noted the return is below the S&P 500 and we have bank fees too. The City could invest the funds and cease doing business with U.S. Bank.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

HOWARD/REYNOLDS – MOVED THAT THE MONIES BE PLACED IN THE RESERVE ACCOUNTS.

Opposition was expressed since the intent of the Permanent Fund was to create earnings to fund nonprofits. The committee discussed the City's reserve funds that are dismally low, but felt it was out of the committee's purview to recommend where the Council invest the Permanent Fund if they should choose to do so.

HOWARD/REYNOLDS – MOVED TO WITHDRAW THE MOTION.

There was no discussion.

VOTE: YES. NON OBJECTION. UNANIMOUS CONSENT.

Motion carried.

The ordinance to rescind would remove the investment language and bring the money home to manage. A supporting memorandum from the committee will provide background on the formation of the Permanent Fund, the struggle, low rate of return and high fees, and a recommendation that the Permanent Fund Committee be disbanded. The Permanent Fund would be retained by the City and the Finance Department would arrange for management of the money as other like funds are managed. The investment policies are so stringent that no broker could make money on the small quantity of money we have to invest.

NEW BUSINESS

- A. Prepare Recommendation to Homer City Council, Re: Permanent Fund Investment and Management

The memorandum will include the history of the Permanent Fund, the struggle with the bank, rates of return in comparison to bank fees, and a recommendation that the committee be disbanded.

INFORMATIONAL MATERIALS

COMMENTS OF THE AUDIENCE (3 MINUTE TIME LIMIT)

There was no audience.

COMMENTS OF THE CITY STAFF

COMMENTS OF THE COUNCILMEMBER

There were no comments of the Councilmembers.

COMMENTS OF THE CHAIR

Chair Johnson thanked everyone for attending.

COMMENTS OF THE COMMISSION

Committee Member Howard commented we are doing something we have known for many months, maybe years. Things aren't working as good as we would like them to. It was a lofty idea of goodness and if we would have gotten the \$13M we would have been able to give the interest to the nonprofits. It didn't happen that way so we need to be in tune with reality and be accurate.

Committee Member Reynolds commented it would be good to make the money work for the City.

Committee Member Li apologized for being late; he was working on getting the budget out today.

Committee Member Roberts does not advocate for dissolving the Permanent Fund as it has a lot of value for the City. She thanked everyone, enjoyed working with them on the Permanent Fund Committee, and will miss working with them.

Committee Members expressed appreciation to Ms. Roberts and will miss her as well.

ADJOURNMENT/NEXT REGULAR MEETING

There being no further business to come before the committee, Chair Johnson adjourned the meeting at 5:47 p.m. The next Regular Meeting is scheduled for Thursday, November 12, 2015 at 5:15 p.m. in the Homer City Hall Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

Submitted by Jo Johnson