

**CITY OF CRAIG
ORDINANCE NO. 749**

**AN ORDINANCE MODIFYING TITLE 3 OF THE CRAIG MUNICIPAL CODE,
RELATING TO INVESTMENT POLICIES FOR THE CITY OF CRAIG, ALASKA,
BY ADDING SPECIFIC ASSET CLASSES TO THE PERMISSIBLE RANGE OF
INVESTMENTS WITHIN THE CRAIG ENDOWMENT FUND**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CRAIG:

Section 1. Classification. This ordinance is of a general and permanent nature and the code sections adopted shall become a part of the code of the City of Craig, Alaska.

Section 2. Severability. If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. Effective Date. This ordinance shall become effective immediately upon adoption.

Section 4. Action. This ordinance modifies Sections 3.15.050 and 3.15.055 as shown below. New text is shown underlined deleted text is shown with a ~~strikethrough~~.

3.15.050 Permissible Investments.

A. The City of Craig Endowment Fund may be invested in:

16. High Yield Domestic bonds which, taken as a whole, attempt to mirror the characteristics of or replicate the Bloomberg Barclays U.S. Corporate High Yield Very Liquid Index or a substantially similar index, including both mutual funds and exchange traded funds;
17. Alternative Beta funds which, taken as a whole, attempt to provide systematic exposure to trading strategies included in, or similar to, those within the Wilshire Liquid Alternatives Index, or another index of similar characteristics, utilizing mutual funds and/or exchange traded funds that adhere to the limitations identified in §3.15.55(B).

~~Target asset allocation with ranges shown in the table below;~~

<u>Asset Class</u>	<u>Strategic Weight</u>	<u>Range</u>
<u>Fixed Income</u>	<u>34%</u>	<u>20%-45%</u>
<u>Large Cap Domestic Equity</u>	<u>24%</u>	<u>15%-35%</u>
<u>Mid Cap Domestic Equity</u>	<u>7%</u>	<u>2%-12%</u>
<u>Small Cap Domestic Equity</u>	<u>3%</u>	<u>0%-6%</u>
<u>International Developed Equity</u>	<u>12%</u>	<u>7%-17%</u>
<u>Emerging Markets</u>	<u>5%</u>	<u>0%-10%</u>
<u>Real Estate</u>	<u>5%</u>	<u>0%-10%</u>
<u>Infrastructure</u>	<u>5%</u>	<u>0%-10%</u>
<u>Commodities</u>	<u>5%</u>	<u>0%-10%</u>

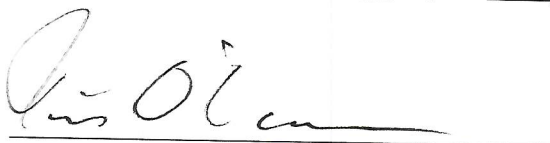
3.15.055 Asset allocation and performance.

B. The City Council will take a conservative posture on derivative securities in order to maintain a risk averse posture. Since it is anticipated that new derivative products will be created each year, it is not the City Council’s intention to list specific derivatives that are prohibited from investment, rather it will form a general policy on derivatives. The City Council recognizes that derivatives may be utilized within investment vehicles as a portfolio management tool. Derivative use within an investment vehicle is permissible when utilized for the purpose of creating or enhancing exposure to an asset class or implementation strategy. Due to the inherent characteristics of derivatives, embedded leverage is permissible when fully collateralized. Net exposure of an investment vehicle exceeding the asset value of the investment vehicle is prohibited. Exposure must be net long at all times.

C. B. Performance of the Craig endowment fund's investment advisors will be measured as follows:

- 10. Performance measurement for the U.S. High Yield Credit allocation will be measured against the target weighting using the Bloomberg Barclays U.S. Corporate High Yield Very Liquid Index or a substantially similar index for the benchmark.
- 11. Performance measurement for the Alternative Beta allocation will be measured against the target weighting using the Wilshire Liquid Alternatives Index or a substantially similar index for the benchmark.

Passed and approved this 8 day of September 2022.


 Mayor Tim O'Connor

Attest 
 Heather Mendonsa, City Clerk



**CITY OF CRAIG
MEMORANDUM**

To: Craig City Council
From: Brian Templin, City Administrator
Date: August 31, 2022
RE: Ordinance 749, Investment Policies, Craig Endowment Fund

Based on a presentation by Blake Phillips from Alaska Permanent Capital Management back in May, the council considered adding some investment tools to our portfolio.

The attached ordinance adds those tools to our investment mix and allows APCM to use these tools and their respective performance measurements as part of the endowment fund allocation process.

Recommendation: Pass 1st Reading of Ordinance 749 and schedule a public hearing on the ordinance for October 6, 2022.