



City of Delta Junction

P.O. Box 229, Delta Junction, Alaska 99737
Ph 907-895-4656 Fax 907-895-4375
www.deltajunction.us
city@deltajunction.us

Welcome to the Friendly Frontier

RESOLUTION 2022-05

A Resolution Pertaining to the Authorized Investments of, Investment Allocations of, and Establishing Appropriate Benchmarks to Measure Performance of the City’s Permanent Fund for Fiscal Year 2022

WHEREAS, pursuant to City of Delta Junction Municipal Code of Ordinances (“the Code”) §1.37.030 the Council for the City of Delta Junction shall annually approve an Asset Allocation Plan for investment of the City’s Permanent Fund (“the Fund”); and,

WHEREAS, the Code §1.37.040 permits investment of the Permanent Fund in various asset classes and the Council believes that establishing asset allocation criteria for these various asset classes is in the best interest of the City of Delta Junction; and,

WHEREAS, the annually approved Asset Allocation Plan will provide benchmarks to measure investment performance.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL FOR THE CITY OF DELTA JUNCTION, ALASKA,

Section 1: That the Council adopts the Asset Allocation Plan for Fiscal Year 2022 as follows:

The Asset Allocation Plan and Target Weightings with range restrictions are:

The expected sustainable annual distribution rate based upon this allocation is 2.4%.

| Asset Class | Target | Min | Max |
|--------------------------------|--------|-----|-----|
| EQUITY | 47% | | |
| U.S. Large-Cap Equity | 22% | 12% | 32% |
| U.S. Mid-Cap Equity | 7% | 0% | 15% |
| U.S. Small-Cap Equity | 3% | 0% | 6% |
| International Developed Equity | 10% | 5% | 15% |
| Emerging Markets Equity | 5% | 0% | 10% |
| ALTERNATIVES | 8% | | |
| Real Estate | 2% | 0% | 5% |
| Infrastructure | 3% | 0% | 6% |
| Commodities | 3% | 0% | 6% |
| Alternative Beta | 0% | 0% | 10% |
| FIXED INCOME | 45% | | |
| U.S. Fixed Income | 25% | 15% | 35% |
| TIPS | 10% | 5% | 15% |
| International Bonds | 5% | 0% | 10% |
| Cash | 5% | 0% | 10% |

Section 2: That the performance of the Fund and investment managers will be measured as follows:

Performance measurement of the U.S. Fixed Income allocation will be measured against the Target weighting, using the Bloomberg Barclays US Aggregate Bond Index or a substantially similar index for the benchmark.

Performance measurement of the U.S. Large-Cap Equity allocation will be measured against the Target weighting, using the Standard & Poor's 500 Index or a substantially similar index for the benchmark.

Performance measurement of the U.S. Mid-Cap Equity allocation will be measured against the Target weighting, using the Standard & Poor's 400 Mid-Cap Index or a substantially similar index as the benchmark.

Performance measurement of the U.S. Small-Cap Equity allocation will be measured against the Target weighting, using the Standard & Poor's 600 Small-Cap Index or a substantially similar index as the benchmark.

Performance measurement of the International Developed Equity allocation will be measured against the Target weighting, using the Morgan Stanley Capital International Europe, Australasia, and Far East (MSCI EAFE) Index or a substantially similar index for the benchmark.

Performance measurement of the Emerging Markets Equity allocation will be measured against the Target weighting, using the MSCI Emerging Markets Index or a substantially similar index as the benchmark.

Performance measurement of the Real Estate allocation will be measured against the Target weighting, using the Standard & Poor's US REIT Index or a substantially similar index as the benchmark.

Performance measurement of the US Treasury Inflation Protected Securities (TIPS) allocation will be measured against the Target weighting, using the Bloomberg Barclays 0-5 Year Treasury Inflation Protected Securities Index or a substantially similar index as the benchmark.

Performance measurement of the International Bonds allocation will be measured against the Target weighting, using the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index or a substantially similar index as the benchmark.

Performance measurement of the Cash allocation will be measured against the Target weighting, using the Citi Group 90 Day T-Bill Index or a substantially similar index as the benchmark.

Performance measurement of the Infrastructure allocation will be measured against the Target weighting, using STOXX Global Broad Infrastructure Index or a substantially similar index as the benchmark.

Performance measurement of the Commodity allocation will be measured against the Target weighting, using the Bloomberg Commodity Index or a substantially similar index as the benchmark.

Performance measurement of the Alternative Beta allocation will be measured against the Target weighting, using the Credit Suisse Liquid Alternative Beta Index or a substantially similar index as the benchmark.

Should the investment manager be required to select a strategic benchmark when implementing a discretionary strategic asset allocation adjustment, the performance will be measured against a commonly accepted performance benchmark that adequately measures the strategy and is unambiguous, measurable, and specified in advance.

Section 3. Definitions:

- Cash: U.S. dollars and/or short term investment securities that are liquid and high quality and can easily be converted into U.S. dollars
- Fixed Income: Debt securities that pay interest rate until maturity
- Large Cap Domestic Equities: U.S. large size company stocks (greater than \$10B market capitalization)
- International Equity: Company stocks domiciled in developed international countries (e.g. Japan, UK)
- Mid Cap Equity: U.S. mid-size company stocks (between \$2B-\$10B market capitalization)
- Small Cap Equity: U.S. small size company stocks (smaller than \$2B market capitalization)
- International Emerging Markets: Company stocks domiciled in emerging market countries (e.g. China, South Korea)
- Real Estate Equities: U.S. Real Estate Investment Trust stocks
- Infrastructure Equities: Global stocks that derive at least 50% of earnings from infrastructure activities

Section 4. That this resolution takes effect immediately upon passage and replaces Resolution 2020-02 that was adopted on October 1, 2019.

Passed and approved by a duly constituted quorum of the City Council for the City of Delta Junction on this 7th of December 2021.

CITY OF DELTA JUNCTION

 JW Musgrove, Mayor

| ROLL CALL | YES | NO | EXCUSED | ABSTAIN |
|--------------------|-----|----|---------|---------|
| Seat A: Dove | | | | |
| Seat B: Catterson | | | | |
| Seat C: Prestegard | | | | |
| Seat D: Heinbockel | | | | |
| Seat E: Musgrove | | | | |
| Seat F: Hallgren | | | | |
| Seat G: Levinson | | | | |

ATTEST

 Pat White, City Clerk