



# City of Delta Junction

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*Welcome to the Friendly Frontier*

## RESOLUTION 2023-01

### **A Resolution of the Council for the City of Delta Junction, Alaska, Pertaining to the Authorized Investments of, the Investment Allocations of, and Establishing Appropriate Benchmarks to Measure Performance of the City’s Permanent Fund for Fiscal Year 2023**

**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 2023 as follows:

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

Asset Class	Target	Min	Max
<b>RISK ASSETS</b>	45%		
U.S. Large-Cap Equity	22%	12%	32%
U.S. Mid-Cap Equity	8%	0%	16%
U.S. Small-Cap Equity	2%	0%	4%
International Developed Equity	5%	0%	10%
Emerging Markets Equity	2%	0%	4%
U.S. High Yield Credit	6%	0%	12%
<b>ALTERNATIVES</b>	19%		
Real Estate	3%	0%	6%
Infrastructure	4%	0%	8%
Commodities	2%	0%	4%
Alternative Beta	10%	0%	15%
<b>RISK CONTROL</b>	36%		
U.S. Fixed Income	20%	10%	30%
U.S. 1-5 Year Government/Credit	4%	0%	8%
U.S. TIPS	4%	0%	8%
International Fixed Income	5%	0%	10%
Cash	3%	0%	10%

The expected sustainable annual distribution rate based upon this allocation is 2.8%.

**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 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 Wilshire Liquid Alternative Index or a substantially similar index as the benchmark.

Performance measurement of the U.S. High Yield Credit allocation will be measured against the Target weighting, using the Bloomberg Very Liquid High Yield Index or a substantially similar index as the benchmark.

Performance measurement of the U.S. 1-5 Year Government/Credit allocation will be measured against the Target weighting, using the Bloomberg 1-5 Year Gov/Credit 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.** That this resolution takes effect immediately upon passage.

**Passed and approved** by a duly constituted quorum of the City Council for the City of Delta Junction on this 4th of October 2022.

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				

CITY OF DELTA JUNCTION

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JW Musgrove, Mayor

ATTEST

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Pat White, City Clerk