

An Ordinance of the Haines Borough Assembly amending Haines Borough Code Title 3 Permanent Fund Investment.

BE IT ENACTED BY THE HAINES BOROUGH ASSEMBLY:

Section 1. Classification. This ordinance is of a general and permanent nature and the adopted amendment shall become a part of the Haines Borough Code.

Section 2. Severability. If any provision of this ordinance or any application thereof to any person or circumstance is held to be 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 is effective upon adoption.

Section 4. Amendment of Section 3.24.050. Section 3.24.050 of the Haines Borough Code is hereby amended, as follows:

NOTE: **Bolded/UNDERLINED** ITEMS ARE TO BE ADDED
STRIKETHROUGH ITEMS ARE DELETED

3.24.050 Investment of the permanent fund.

A. The borough assembly, the administration, the investment managers and the bank custodians shall manage, hold and govern the permanent fund with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity would use in the management of a similar public fund.

B. Risk shall be reduced by diversification of asset classes and broad diversification of investment securities within each asset class, unless otherwise not prudent to do so.

C. Investments of the Haines Borough permanent fund will take a conservative posture on derivative securities by recognizing that derivatives may be utilized within investment vehicles as a portfolio management tool to create or enhance exposure to an asset class or implementation strategy while requiring that any embedded leverage created by their use be fully collateralized. Net exposure exceeding the asset value of the investment vehicle is prohibited. Exposure must be net long at all times.

~~D.E.~~ Funds of the permanent fund may be invested in:

1. U.S. government obligations, U.S. government agency obligations, and U.S. government instrumentality obligations that have a liquid market with a readily determinable market value;
2. Obligations of the state of Alaska or municipalities of the state of Alaska, grade A or better;

3. Bank certificates of deposit that are secured as to the payment of principal and interest in accordance with Alaska law;
4. Corporate obligations of investment grade or equivalent quality as determined by a nationally recognized rating organization;

5. **Investment-grade international sovereign and corporate bond funds, including both mutual funds and Exchange-Traded Funds (ETF);**

6. **U.S. high-yield corporate bond funds, including both mutual funds or Exchange-Traded Funds (ETF);**

~~7. 5. Domestic and foreign common stocks and preferred stocks of publicly traded companies including public real estate investment trusts **and global infrastructure**; provided, that the total exposure to stocks shall be diversified among issuers and sectors and will not exceed 50 percent of the market value of the permanent fund;~~

8. Diversifying alternative beta funds, which, taken as a whole, attempt to provide systematic exposure to trading strategies that emphasize return sources not found in traditional stock and bond portfolios;

9. Diversified commodity funds that replicate a broad-based commodity index, including mutual funds and Exchange-Traded Funds (ETF);

~~10. 6. Fixed income (bond) money market funds, mutual funds and index funds with a minimum four-year track record;~~


~~11. 7. Equity mutual funds and index funds with a minimum four-year track record and subject to the percentage limitation in subsection (C)(5) of this section.~~

~~E. D. Investment in mutual funds and index funds shall be limited to funds that invest primarily in investments otherwise permitted under subsection (C) of this section.~~

F. Risk control assets, as defined by resolution, must have a minimum market value weight of 25%, in the Permanent Fund.

ADOPTED BY A DULY CONSTITUTED QUORUM OF THE HAINES BOROUGH ASSEMBLY THIS 14th DAY OF FEBRUARY, 2023.

ATTEST:


Alekka Fullerton, CMC, Borough Clerk




Douglas Olerud, Mayor