NORTHWEST ARCTIC BOROUGH ASSEMBLY
RESOLUTION 16-36

A RESOLUTION OF THE NORTHWEST ARCTIC BOROUGH
ASSEMBLY ESTABLISHING THE FY17 LONG-TERM INVESTMENT
ALLOCATION, SETTING APPROPRIATE PERFORMANCE
BENCHMARKS, AND FOR RELATED PURPOSES.

WHEREAS: under the Borough’s Investment Code, the Assembly shall
annually approve an Asset Allocation Plan for investment of the Borough’s long-
term investments; and

WHEREAS: 6.20.030 directs investment of the Borough’s long-term
investments in various fixed-income and equity asset classes; and

WHEREAS: the Assembly believes that establishing asset allocation criteria
for these various long-term asset classes is in the best interest of the Borough; and

WHEREAS: the Assembly’s annually-approved Asset Allocation Plan will
provide benchmarks to measure both absolute and relative performance of the
Borough’s long-term investments and the investment manager.

NOW THEREFORE BE IT RESOLVED BY THE NORTHWEST
ARCTIC BOROUGH ASSEMBLY: the FY17 Asset Allocation Plan shall be as
follows:

Section 1: The overall target allocation is 50% equity and 50% fixed-income with a
maximum variance of plus or minus 25% of the target allocation.

Section 2: The Asset Allocation Plan and Target Weightings with range restrictions
are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target % Weighting</th>
<th>Range %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fix-Income (bonds)</td>
<td>30</td>
<td>20-40</td>
</tr>
<tr>
<td>Large-Cap Domestic Equity</td>
<td>20</td>
<td>10-30</td>
</tr>
<tr>
<td>Mid-Cap Domestic Equity</td>
<td>7</td>
<td>0-15</td>
</tr>
<tr>
<td>Small-Cap Domestic Equity</td>
<td>3</td>
<td>0-10</td>
</tr>
<tr>
<td>International Equity</td>
<td>10</td>
<td>5-15</td>
</tr>
<tr>
<td>International Emerging Markets</td>
<td>5</td>
<td>0-10</td>
</tr>
<tr>
<td>Real-Estate Equities</td>
<td>5</td>
<td>0-10</td>
</tr>
<tr>
<td>TIPS</td>
<td>10</td>
<td>5-15</td>
</tr>
<tr>
<td>International Fixed Income</td>
<td>5</td>
<td>0-10</td>
</tr>
</tbody>
</table>
Section 3: The performance of the Fund and investment managers will be measured against the Target Weighting as follows:

- Performance measurement of the Fixed Income allocation will be measured against the Target Weighting using the Barclay’s Intermediate Government/Credit Index for the benchmark.
- Performance measurement of the Large-Cap Domestic Equity allocation will be measured against the Target Weighting using the Standard & Poor’s 500 Index for the benchmark.
- Performance measurement of the Mid-Cap Equity allocation will be measured against the Target Weighting using the Standard & Poor’s 400 Mid-Cap Index as the benchmark.
- Performance measurement of the Small-Cap Equity allocation will be measured against the Target Weighting using the Standard & Poor’s 600 Small-Cap Index as the benchmark.
- Performance measurement of the International Equity allocation will be measured against the Target Weighting using the Morgan Stanley Capital International Europe, Australasia and Far East (MSCI EAFE) Index as the benchmark.
- Performance measurement of the International Emerging Markets allocation will be measured against the Target Weighting using the Morgan Stanley Capital International Emerging Markets (MSCI EM) Index as the benchmark.
- Performance measurement of the Real-Estate Equities allocation will be measured against the Target Weighting using the Standard & Poor’s US REIT Index as the benchmark.
- Performance measurement of the US Treasury Inflation Protected Securities (TIPS) allocation will be measured against the Target Weighting using the Barclays US 0-5 Year Treasury Inflation Protected Securities Index.
- Performance measurement of the International Fixed-Income allocation will be measured against the Target Weighting using the Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged Index.
- Performance measurement of the Cash allocation will be measured against the Target Weighting, using the Citi Group 90-Day T-Bill Index.

PASSED AND APPROVED THIS 23rd DAY OF AUGUST 2016.

[Signature]

RSN 16-36 – FY17 Long-term Investment Allocation
Carl Weisner, Assembly President

PASSED AND ADOPTED THIS 23rd DAY OF AUGUST 2016.

Clement Richards, Sr., Mayor

SIGNED AND ATTESTED TO THIS 23rd DAY OF AUGUST 2016.

Stella Atoruk, Borough Clerk

ATTEST: