

**NORTHWEST ARCTIC BOROUGH ASSEMBLY
RESOLUTION 18-28**

A RESOLUTION OF THE NORTHWEST ARCTIC BOROUGH ASSEMBLY ESTABLISHING THE FY19 BOROUGH 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 FY19 Asset Allocation Plan shall be as follows:

Section 1: General Fund and Village Improvement Fund Short-Term Investment Funds will be invested in 100% Fixed Income, including: Treasuries, agencies, CDs, TIPs, and other money market securities.

Section 2: The Asset Allocation Plan and Target Weightings with range restrictions for the General Fund Contingency Reserve Fund are as follows:

Strategic Asset Allocation 40% Equity

Asset Class	Target	Min	Max
EQUITY	35%		
U.S. Large-Cap Equity	22%	12%	32%
U.S. Mid-Cap Equity	2%	0%	5%
U.S. Small-Cap Equity	1%	0%	5%
International Developed Equity	8%	0%	15%
Emerging Markets Equity	2%	0%	5%
ALTERNATIVES	5%		
Real Estate	2%	0%	5%
Infrastructure	3%	0%	6%
FIXED INCOME	60%		
U.S. Fixed Income	35%	25%	45%
TIPS	10%	5%	15%
International Bonds	5%	0%	10%
Cash	10%	5%	15%

Section 3: The Asset Allocation Plan and Target Weightings with range restrictions for the General Fund Sustainability Fund and Village Improvement Sustainability Fund are as follows:

Strategic Asset Allocation 55% Equity

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 4: The performance of the Investment Funds and investment managers will be measured against the Target Weighting as follows:

- Performance measurement of the U.S. Fixed Income allocation will be measured against the Target weighting, using the Bloomberg Barclays Intermediate Government /Credit 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 for the benchmark.

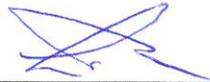
- Performance measurement of the U.S. Mid-Cap Equity allocation will be measured against the Target weighting, using the Standard & Poor's 400 Mid-Cap Index as the benchmark.
- Performance measurement of the U.S. Small-Cap Equity allocation will be measured against the Target weighting, using the Standard & Poor's 600 Small-Cap Index as the benchmark.
- Performance measurement of the International Developed Equity allocation will be measured against the Target weighting, using the MSCI EAFE 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 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 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 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 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 as the benchmark.
- Performance measurement of the Infrastructure allocation will be measured against the Target weighting, using STOXX Global Broad Infrastructure Index as the benchmark.
- Performance measurement of the Commodity allocation will be measured against the Target weighting, using the Bloomberg Commodity Index as the benchmark.
- Performance measurement of the Alternative Beta allocation will be measured against the Target weighting, using the Citi Group 90 Day T-Bill Index or substantially similar index + 4% on an annual basis as the benchmark.

PASSED AND ADOPTED THIS 20th DAY OF NOVEMBER 2018.



, President

PASSED AND APPROVED THIS 20th DAY OF NOVEMBER 2018.



Lucy S. Nelson, Mayor

SIGNED AND ATTESTED TO THIS 20th DAY OF NOVEMBER 2018.



Stella Atoruk, Borough Clerk

ATTEST:

