

**NORTHWEST ARCTIC BOROUGH ASSEMBLY  
RESOLUTION 19-59**

**A RESOLUTION OF THE  
NORTHWEST ARCTIC BOROUGH  
ASSEMBLY ESTABLISHING THE FY20  
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 FY20 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
<b>EQUITY</b>	<b>35%</b>		
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%
<b>ALTERNATIVES</b>	<b>5%</b>		
Real Estate	2%	0%	5%
Infrastructure	3%	0%	6%
<b>FIXED INCOME</b>	<b>60%</b>		
U.S. Fixed Income	35%	25%	45%
<b>TIPS</b>	<b>10%</b>	<b>5%</b>	<b>15%</b>
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**

<b>Asset Class</b>	<b>Target</b>	<b>Min</b>	<b>Max</b>
<b>EQUITY</b>	<b>47%</b>		
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%
<b>ALTERNATIVES</b>	<b>8%</b>		
Real Estate	2%	0%	5%
Infrastructure	3%	0%	6%
Commodities	3%	0%	6%
Alternative Beta	0%	0%	10%
<b>FIXED INCOME</b>	<b>45%</b>		
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 27<sup>th</sup> DAY OF AUGUST 2019.**



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**Nathan Hadley, Jr., Assembly President**

**PASSED AND APPROVED THIS 27<sup>th</sup> DAY OF AUGUST 2019.**



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**Lucy S. Nelson, Mayor**

**SIGNED AND ATTESTED TO THIS 27<sup>th</sup> DAY OF AUGUST 2019.**



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**Stella Atoruk, Borough Clerk**

**ATTEST:**

