

# Kenai Peninsula Borough

## Finance Department

---

### MEMORANDUM

**TO:** Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** Charlie Pierce, Mayor *CP*

**FROM:** Brandi Harbaugh, Finance Director *BH*

**DATE:** October 14, 2021

**RE:** Ordinance 2021-37, Amending KPB 5.10.200(B) to Add a New Subparagraph under Authorized Investments – to Form a General Policy on Derivatives for the Borough's Land Trust Investment Fund (Mayor)

---

Pursuant to 5.10.200(B), the Land Trust Investment Fund (LTIF) may invest in two categories: Financial Assets and Non-Financial Assets outlined in sections (B) and (C) of KPB 5.10.200.

The financial assets of the LTIF are managed by the KPB Finance Director through a contact for management of financial asset investments and the current manager is Alaska Permanent Capital Management. Alaska Permanent Capital Management has recommended to the Finance Director that KPB 5.10.200(B) include a general policy on derivatives that may be used within the products as a portfolio management tool with the purpose of creating or enhancing exposure to an asset class or implementation strategy.

This amendment will allow Alaska Permanent Capital Management the tools necessary to manage the portfolio to achieve the expected rate of return effectively while maintaining an acceptable level of risk by fully collateralizing embedded leverage and limiting net exposure to less than that of the asset value.

As investments are time sensitive, hearing on shortened time is requested to prevent undue delay in the implementation of an allocation plan.

Your consideration of this ordinance is appreciated.