

RBC Global Asset Management

Kenai Peninsula Borough, Alaska

February 15, 2022



RBC Global Asset Management (U.S.) Inc.
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Proposed Agenda

- RBC GAM Firm Overview
- Market Review and Economic Discussion
- Portfolio Review (as of December 31, 2021)
- Questions/Comments?

RBC Firm Overview

RBC Global Asset Management

We are single-mindedly focused on our clients

- Service mindset pervades our organization
- Different clients, unique needs, relevant solutions

Our investment teams are specialized and strengthened by global infrastructure

- Disciplined approach and accountable for delivering client performance
- Shared philosophy and a long-term focus on generating alpha

Our ownership enhances our business

- One of the highest rated and largest banks in the world¹
- Investment in our business has allowed for funding new product development, capital for key hires and strategic acquisitions

¹Ratings: **S&P: AA-**, **Moody's: Aa2+**. Ranked 5th largest bank in North America and 8th globally based on market capitalization (Bloomberg, 12.31.21). All other data in US dollars as of 9.30.21.

²By client location.

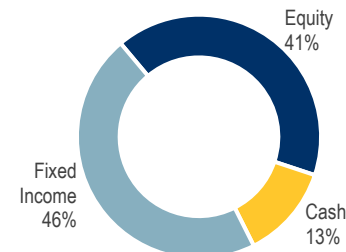
Values may not add up to 100% due to rounding.

RBC Global Asset Management ("RBC GAM") is the asset management division of Royal Bank of Canada ("RBC") which includes RBC Global Asset Management (U.S.) Inc. ("RBC GAM-US") and several separate, but affiliated corporate entities. Refer to Disclosures page for more information on RBC GAM and its affiliates.

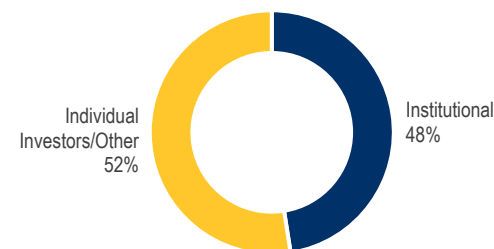
Alpha is a risk-adjusted performance measurement of a portfolio's excess return relative to its benchmark after considering its risk relative to the benchmark. A positive alpha indicates that a portfolio has produced higher-than-expected returns for its risk level, and vice versa for a negative alpha.

Over \$467 billion in AUM

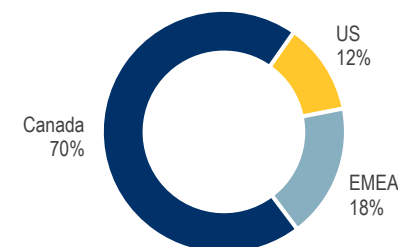
By Asset Class



By Client Type



By Geographical Location²



Our global presence

RBC Global Asset Management

Minneapolis

US Fixed Income
Impact Investing

Boston

US Equities

Chicago

US Equities

Vancouver

PH&N¹

Canadian Equities
Canadian Fixed Income
High Yield Bonds

Toronto

Canadian Equities
Global Resources/
Precious Metals

Stamford

Global Credit

London

BlueBay

Global Credit
Alternatives

Emerging Markets Equities

Global Equities

European Equities

Hong Kong

Asia Equities

- 28 specialist investment teams
- Diverse and global set of investment capabilities
- Strengthened by access to global tools and resources

- Over 360 investment professionals
- 48% institutional assets

Not all strategies are available in the US

As of 9.30.21

¹Phillips, Hager & North Investment Management is a division of RBC Global Asset Management Inc.

Economy & Market Review

Overview

Economic recovery continues but uncertainties remain

- Economic activity recovered strongly in 2021 despite variant setbacks
- Omicron variant injects new uncertainty into 2022
 - Growth likely lags in Q1 but higher transmissibility/lighter symptoms could cause current wave to burn out quickly
 - Anticipate growth to snap back in following quarters
- Labor market recovered strongly in 2021
- Inflation readings remain high, but expect to moderate as supply chains recover & fiscal/monetary policy wanes
- The Fed is moving away from accommodative policy with rates hikes and quantitative tightening on the table in 2022
 - Front end rates have largely priced in Fed moves
 - Longer rates could move higher with Fed selling and elevated inflation
- More dispersion/volatility in risk assets creates opportunity for active managers

U.S. business cycle

- Balance of evidence argues for “mid cycle” given significant claims that the cycle is further along
- Unprecedented fiscal and monetary policy helped the US avoid a lengthy recession
- Policy error by the Fed could drive the US more quickly toward next recession

U.S. business cycle scorecard

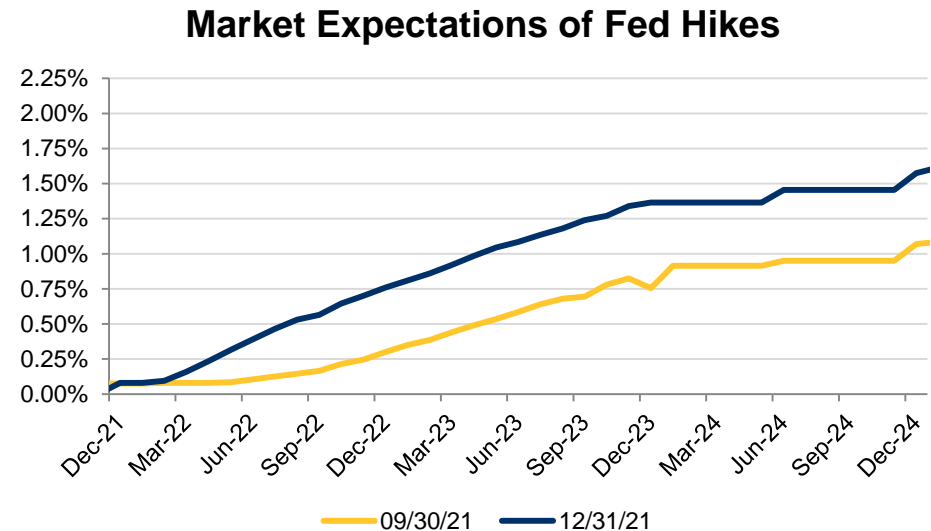
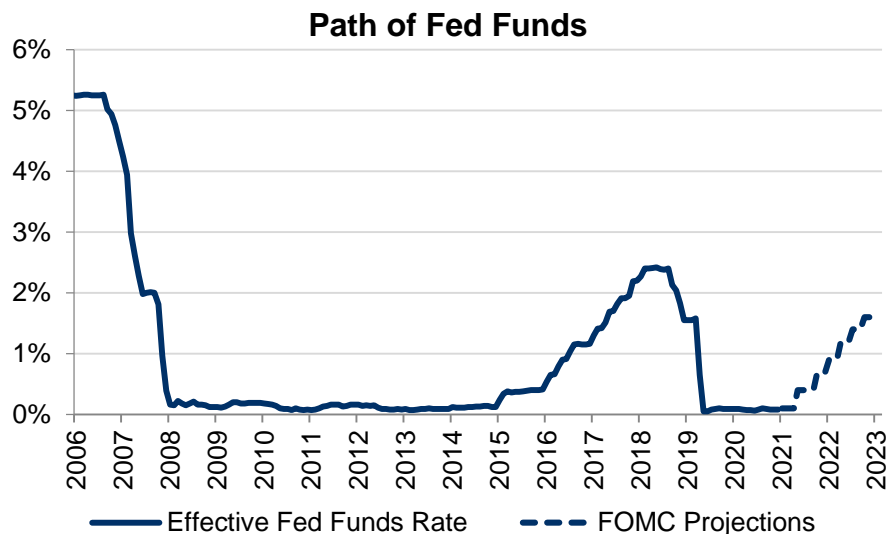
	Start of cycle	Early cycle	Mid cycle	Late cycle	End of cycle	Recession
Cycle age						
Monetary policy						
Leverage						
Inventories						
Credit						
Economic trend						
Bonds						
Business investment						
Consumer						
Housing						
Employment						
Volatility						
Corporate profitability						
Equities						
Economic slack						
Sentiment						
Prices						
Allocation to each stage of cycle	0%	36%	36%	23%	5%	0%

Note: As at 2021-10-29. Darkness of shading indicates the weight given to each input for each phase of the business cycle. Source: RBC GAM

Federal Reserve

The Fed shifts from accommodative policy amid inflation concerns

- Recent Fed Minutes indicate that they have shifted to a hawkish stance
- As inflation concerns have mounted, Fed Chair Powell has moved away from “transitory” message
 - FOMC still expects inflation to eventually moderate near their 2% target
- The Fed expects to wind down their asset purchase program by March
 - Likely to shift focus to reducing the balance sheet later this year (quantitative tightening)
- FOMC currently projecting three rate hikes in 2022
 - Anticipate 1st hike at March FOMC meeting
 - The Fed will remain data dependent while closely watching inflation and employment



As of 01.06.22
Source: Bloomberg, Federal Reserve

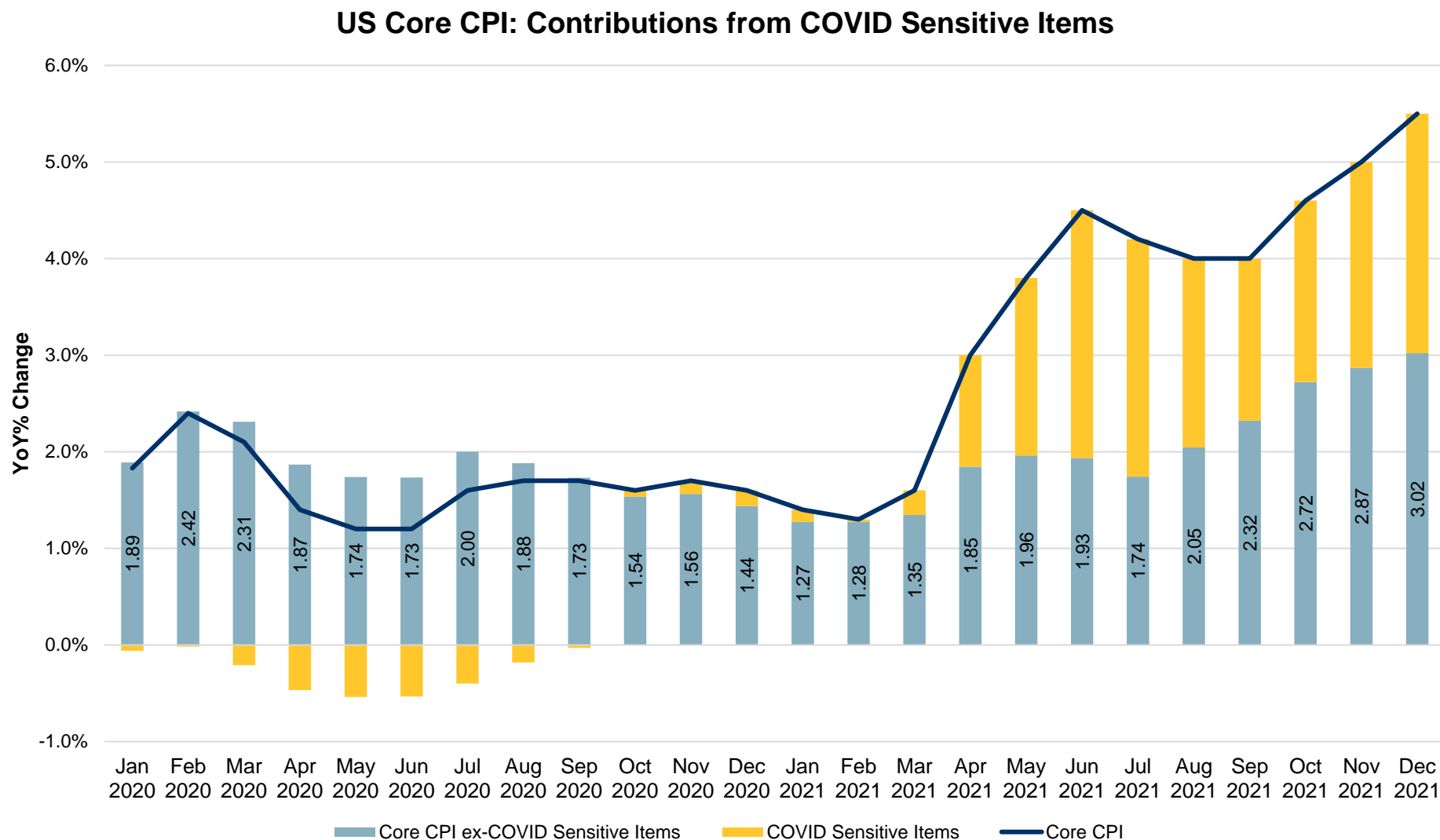
Inflation

Inflation pressures remain elevated, but long term headwinds will keep it muted

- Reopening economies and strong consumer balance sheet have fueled demand
- The supply side has struggled to keep up due to bottlenecks in the supply chain combined with shortages in labor and materials
- Strong demand/inadequate supply and base effect comparisons has led to a surge in inflation
- Inflationary pressures are anticipated to ebb into 2022
- Omicron potentially exacerbates supply chain issues
 - China's "Zero-COVID" policy will be challenge by more contagious variant
 - Likely lockdowns of key manufacturing hubs
- Reduced globalization/ US on-shoring contributes to inflationary pressures
- Long term demographics and technological changes are disinflationary
 - Aging and slowing population growth
 - Technology improves efficiencies and reduces prices
- ESG considerations could prove to be a tailwind for inflation

Inflation readings remain high

But below the surface, it is not as alarming as it may appear



As of 12.31.2021; Source: Bloomberg, RBC GAM.

COVID-sensitive items include household furnishings and supplies, apparel, lodging away from home, new vehicles, used cars and trucks, car and truck rentals, airline fare, and moving, storage, freight expense.

Financial Assets – Valuations remain high

US IG Corporate Spreads



Oil Prices



- IG Corporate spreads at historically tight levels
- The S&P 500 set record highs in 2021
- The massive, coordinated monetary and fiscal responses to Covid-19 resulted in a fast, full cycle recovery
- Risk assets are vulnerable to tighter monetary policy

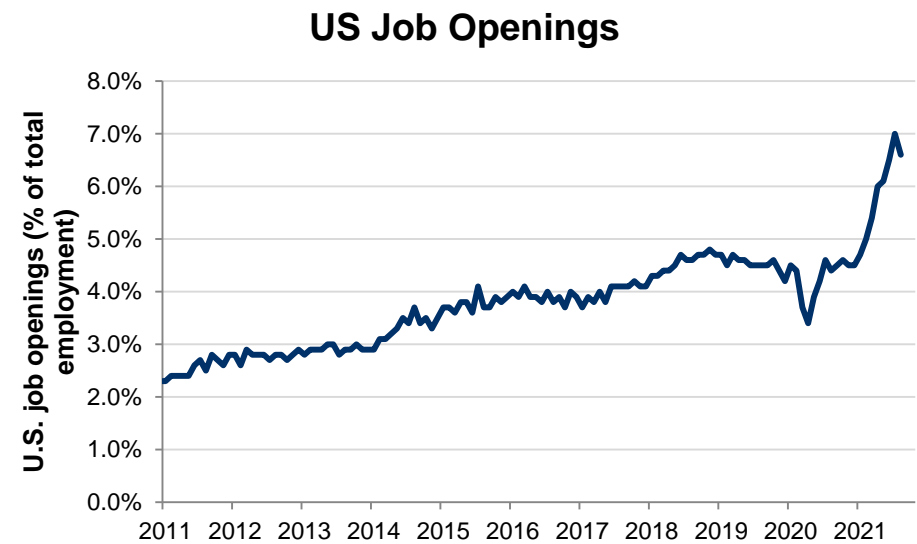
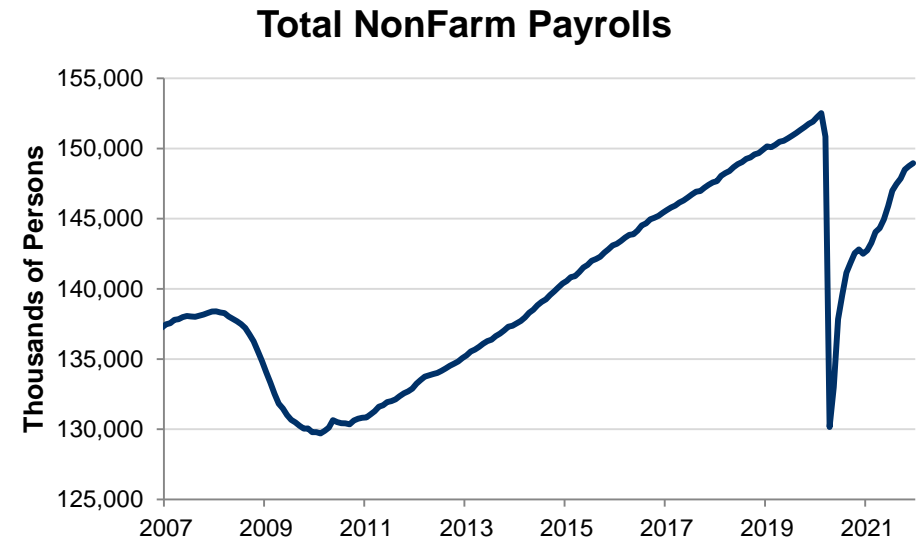
S&P 500 Index



As of 12.31.21
Source: Bloomberg

US Economy – continued growth, but slowing down

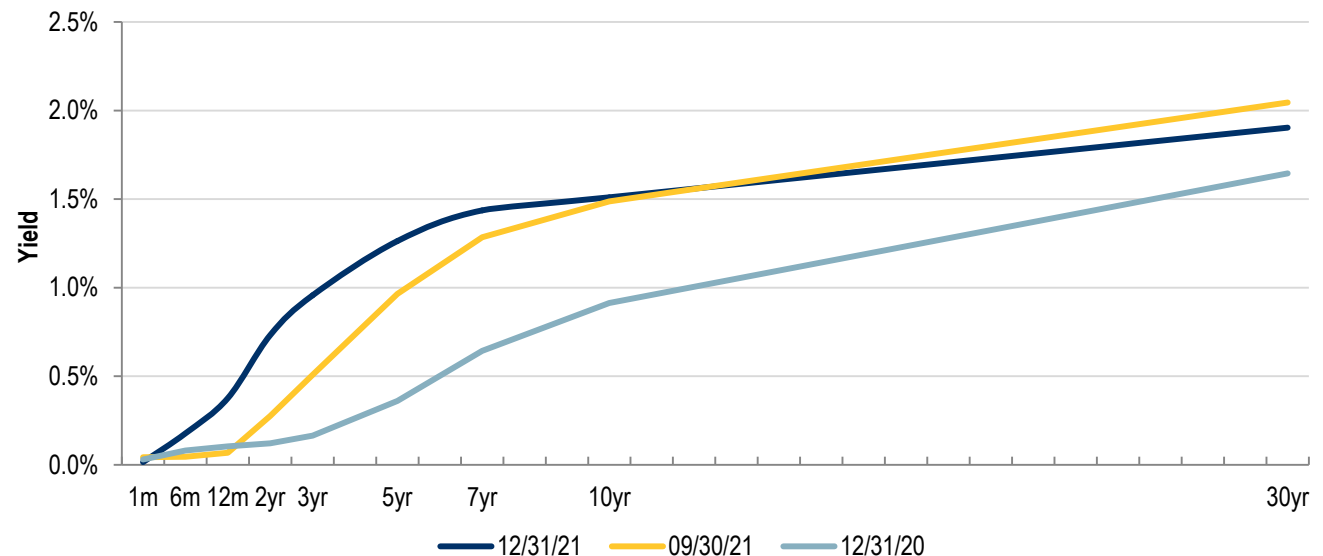
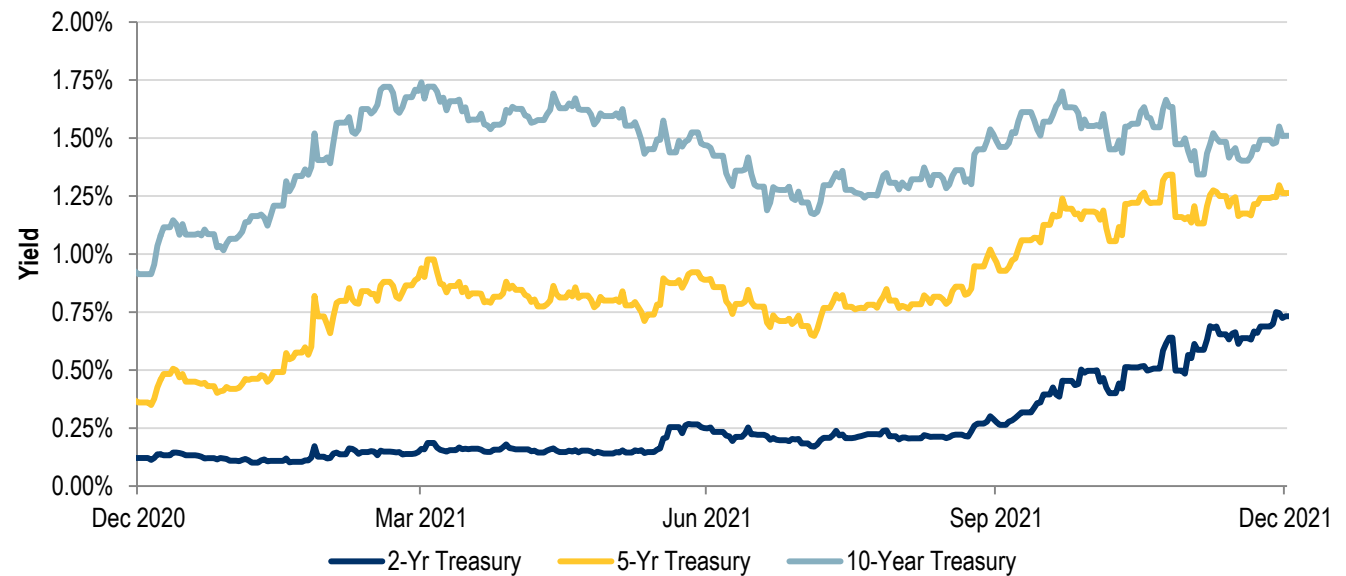
- Improving unemployment
 - Added 6.4M jobs in 2021
 - Unemployment rate down to 3.9%
 - Remain 3.6M jobs below pre-pandemic peak
- Hiring has slowed in recent months as labor supply has tightened
 - U.S. job openings at record highs
 - Structural decline in labor force participation
 - Americans are quitting in record numbers
- Wage growth is building



As of 12.31.21. Economic Activity Index is the average of nine high-frequency economic data series measuring the percentage change versus the same period of 2019. Source: Bank of America, Goldman Sachs, OpenTable, Macrobond, RBC GAM

U.S. Treasury Rates

- The Treasury curve flattened during the quarter driven by rising rates on the front end of the curve
- The spread between the 2-year and 10-year Treasury flattened
- Rates on the front end have seen liftoff in anticipation of rate increases in 2022
- Longer rates fell over concerns of the Omicron variant, and diminished growth prospects



As of 12.31.21
Source: Bloomberg

Outlook

Economic activity remains positive into 2022...with headwinds

- Expect continued but slower growth
 - Supply chain issues will continue to hamper global economic growth into 2022
 - Omicron variant injects new pandemic uncertainties
- Secondary issues
 - Will Russia invade Ukraine?
 - China's COVID response/growth prospects
 - Reduced globalization
 - Increased social tensions
- US GDP outlook
 - 2022 expect further positive growth but more muted
- Federal Reserve – aggressive shift to tighter policy
- Interest Rates Higher
 - View the front end of the curve as fairly priced
 - 10-year Treasury has room to move in the near term in a 1.75-2.25% range
 - Expect inflation to be moderating toward 2% range later in the year
- Risk Assets
 - Fundamentals remain strong
 - Credit spreads are generically tight, but pockets of value exist

Portfolio Review



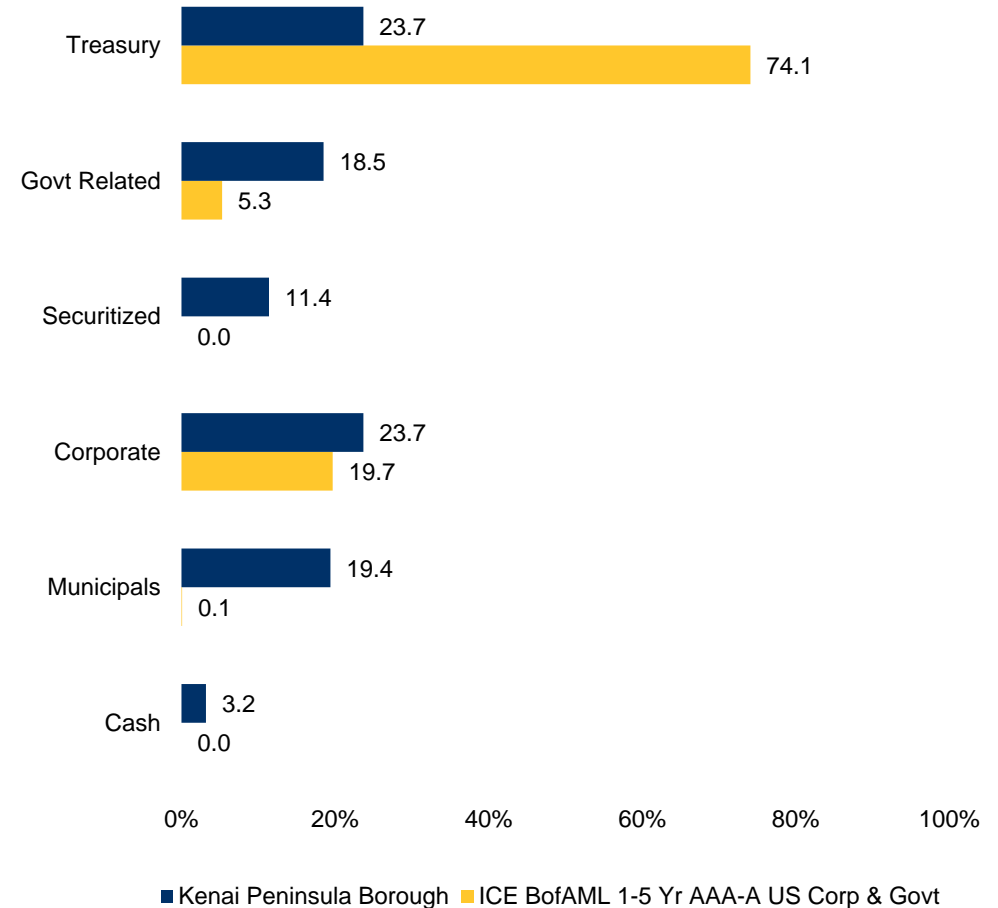
Portfolio Characteristics

Kenai Peninsula Borough

Market Value: \$124,563,027

Characteristics	Kenai Portfolio	BofAML 1-5 Yr AAA-A Corporate/Government
Effective Duration	2.58 years	2.66 years
Market Yield	1.00%	0.95%
Average Quality	AA+	AA+
OAS	18 bps	9 bps
Spread Duration	1.73 years	0.69 years

Sector Distribution



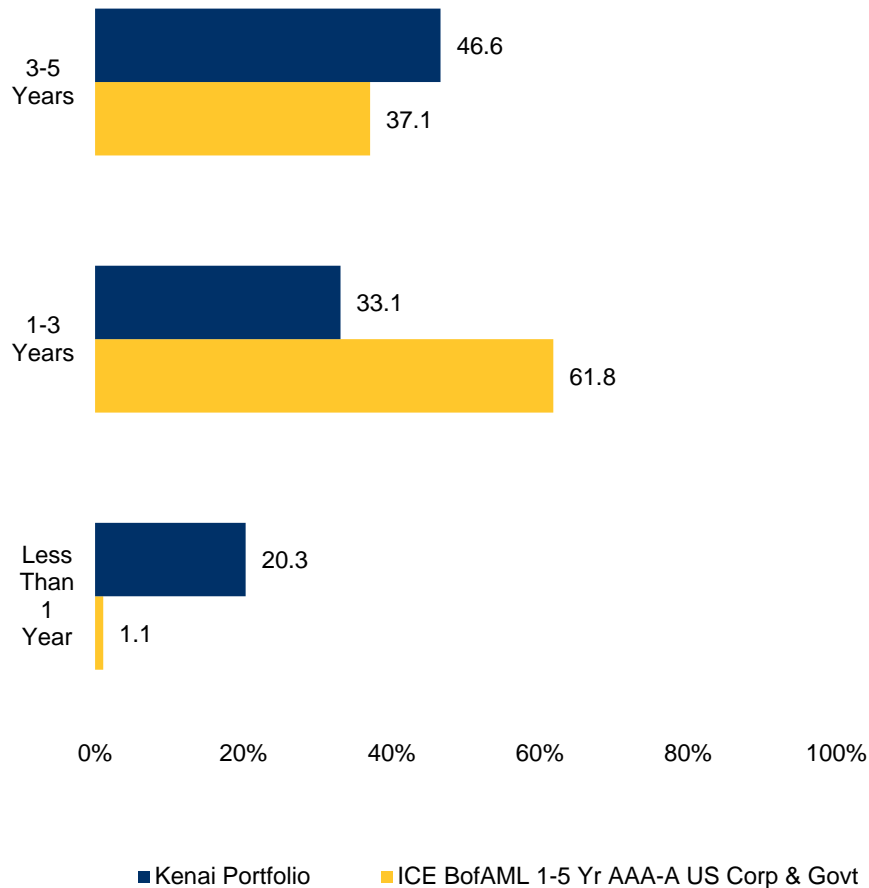
As of 12.31.21

Source: RBC GAM-US, BofAML,

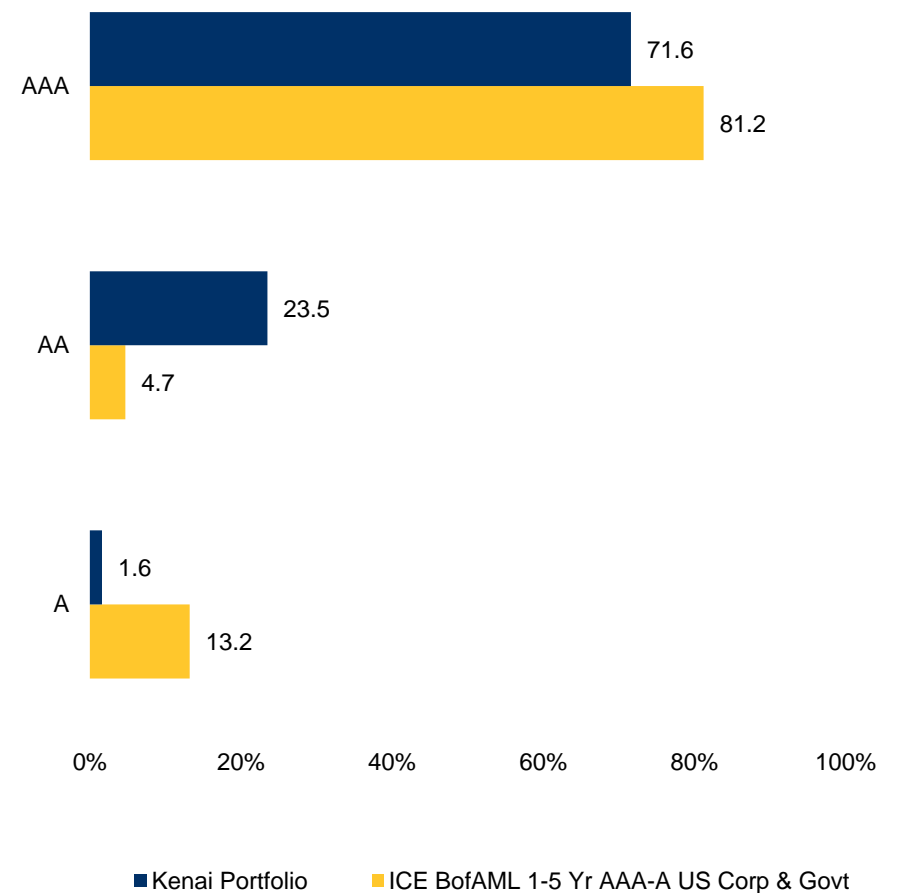
Portfolio Characteristics

Kenai Peninsula Borough

Duration Distribution



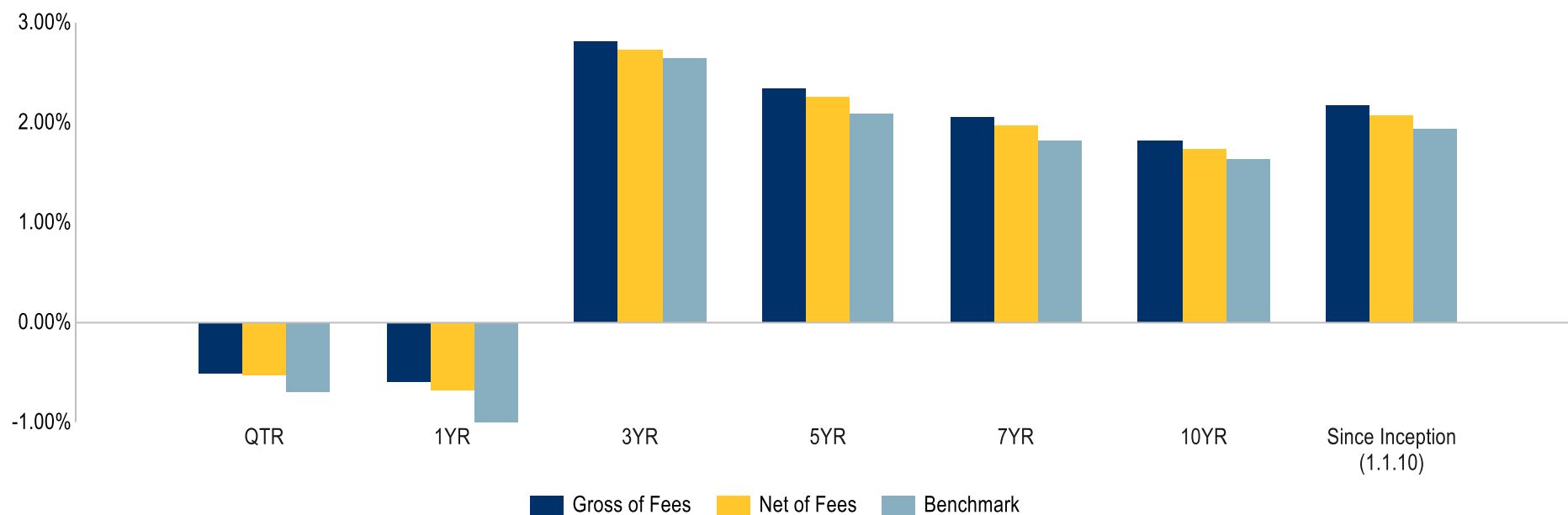
Credit Quality Distribution



As of 12.31.21
Source: RBC GAM-US, BofAML

Performance

Kenai Peninsula Borough



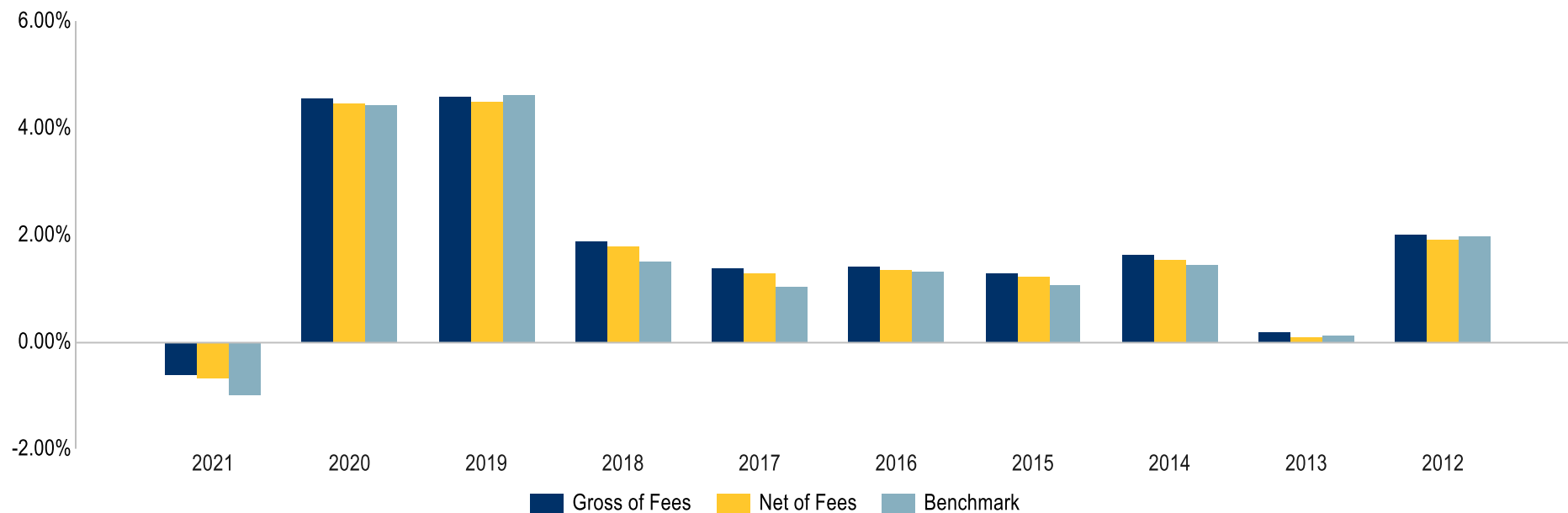
Returns (%)	QTR	1YR	3YR	5YR	7YR	10YR	SI
Gross of Fees	-0.50	-0.59	2.81	2.34	2.05	1.82	2.17
Net of Fees	-0.52	-0.67	2.73	2.26	1.97	1.73	2.08
Principal Return	-1.01	-2.47	0.59	0.16	0.01	-0.14	0.09
Income Return	0.51	1.92	2.22	2.17	2.04	1.96	2.08
Benchmark ¹	-0.69	-1.00	2.65	2.09	1.83	1.63	1.93

¹ 01/19/10-Current: ICE BofA 1-5 Year AAA-A US Corporate & Government Index; 01/01/10-01/18/10: ICE BofA 1-5 Year US Corporate & Government Index

As of 12.31.21
Source: RBC GAM-US, BofAML

Performance

Kenai Peninsula Borough

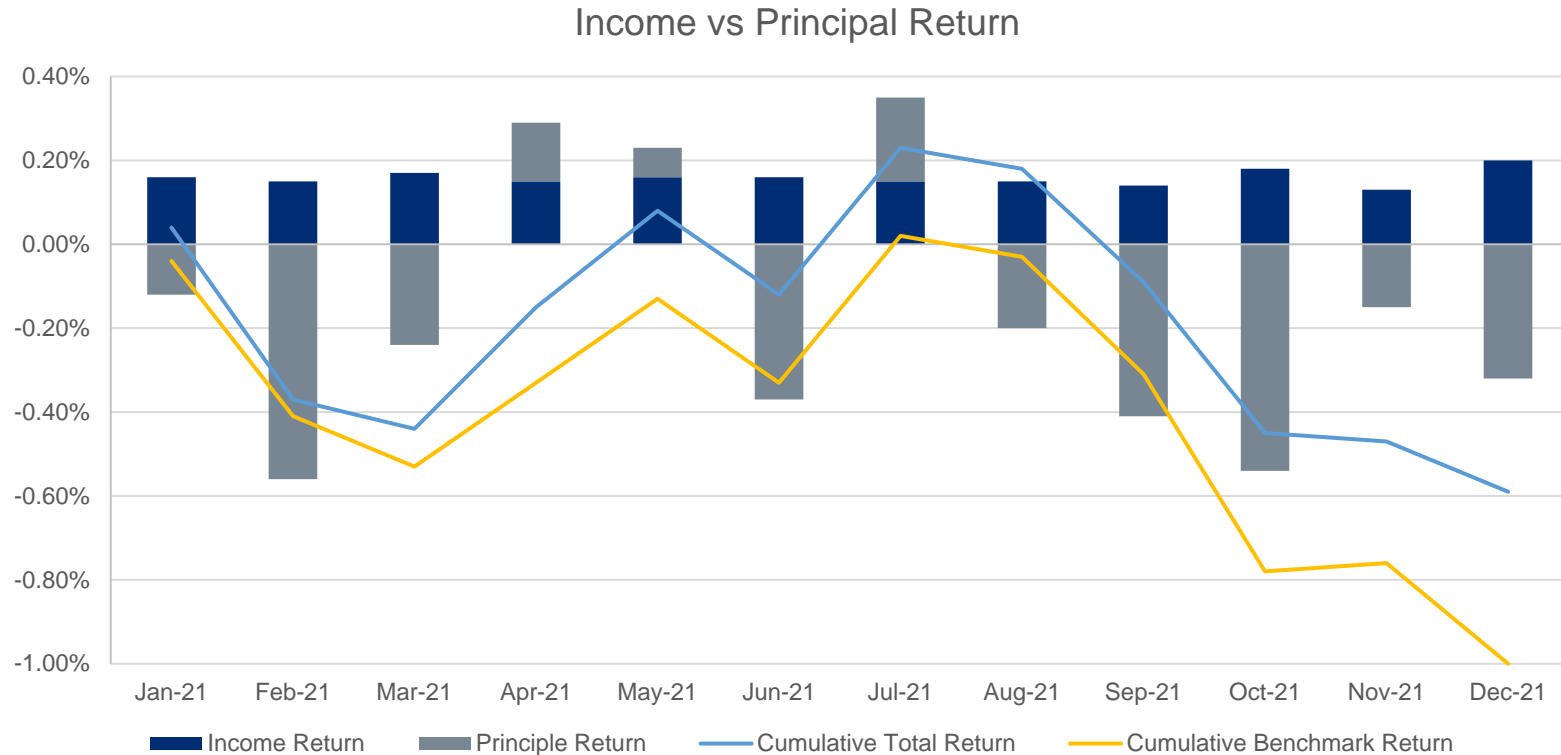


Calendar Year (%)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross of Fees	-0.59	4.54	4.58	1.87	1.37	1.42	1.29	1.63	0.17	2.01
Net of Fees	-0.67	4.46	4.50	1.79	1.29	1.33	1.21	1.53	0.07	1.90
Principal Return	-2.47	2.22	2.08	-0.33	-0.62	-0.37	-0.33	0.12	-1.56	-0.09
Income Return	1.92	2.28	2.45	2.21	2.00	1.80	1.63	1.51	1.75	2.10
Benchmark ¹	-1.00	4.43	4.61	1.49	1.02	1.30	1.07	1.42	0.10	1.97

¹ 01/19/10-Current: ICE BofA 1-5 Year AAA-A US Corporate & Government Index; 01/01/10-01/18/10: ICE BofA 1-5 Year US Corporate & Government Index

2021 Performance

Kenai Peninsula Borough



Income Return

Contributed to positive and consistent performance through the year driven by income generating spread sectors (Credit, Munis, Securitized)

Principle return

Had a negative effect on performance as short term interest rates were mostly volatile/rising over the year

Portfolio Total Return

While the portfolio finished with negative performance it was to a lesser degree than the benchmark, evidence that the portfolio is helping protect on the downside

Benchmark Total Return

The benchmark finished the year with negative performance, driven by rising interest rates that negatively effects bond prices

Holdings



Holdings

10.1.21 - 12.31.21
Kenai Peninsula Borough

Moody's S&P/Fitch	Quantity (Par)	Asset ID	Security Description	Coupon Maturity	Market Value	Cost1	Unrealized Gain/Loss	Accrued Income	Duration Avg Life	Book Yield Mkt Yield	% Assets
Corporate											
A1 A+/A+	700,000	89236TFX8	Toyota Motor Credit Corp	2.65 4/12/22	704,120.86	699,958.36	4,162.50	4,070.69	0.28 0.28	2.67 0.54	0.57
A1 AA-/AA-	2,000,000	90331HPC1	US Bank NA/Cincinnati OH	2.65 5/23/22	2,014,111.10	1,999,719.33	14,391.77	5,594.44	0.31 0.32	2.69 0.37	1.62
Aa2 AA-/NA	1,250,000	30231GBB7	Exxon Mobil Corp	1.90 8/16/22	1,261,523.49	1,250,000.00	11,523.49	8,915.63	0.62 0.63	1.90 0.42	1.02
Aa3 AA-/NA	3,000,000	92826CAG7	Visa Inc	2.15 9/15/22	3,031,465.89	3,001,855.18	29,610.71	18,991.67	0.62 0.63	2.05 0.46	2.45
Aa2 AA-/NA	690,000	166764AB6	Chevron Corp	2.36 12/5/22	698,669.78	687,337.66	11,332.12	1,173.58	0.67 0.68	2.78 0.49	0.56
Aa2 AA/AA	1,500,000	931142DU4	Walmart Inc	2.35 12/15/22	1,524,910.74	1,509,468.38	15,442.36	1,566.67	0.87 0.88	1.62 0.44	1.23
A1 AA-/AA-	1,075,000	90331HPF4	US Bank NA/Cincinnati OH	1.95 1/9/23	1,088,723.33	1,074,698.06	14,025.27	10,015.42	0.93 0.94	1.98 0.58	0.88
Aaa AA+/NA	1,070,000	037833BU3	Apple Inc	2.85 2/23/23	1,093,878.54	1,071,450.70	22,427.84	10,842.67	0.96 0.98	2.71 0.56	0.89
Aaa AAA/AAA	3,500,000	594918BX1	Microsoft Corp	2.88 2/6/24	3,640,696.57	3,570,101.52	70,595.05	40,529.51	1.87 1.93	1.82 0.77	2.96
Aa2 AA/AA	1,000,000	931142DP5	Walmart Inc	3.30 4/22/24	1,049,104.06	1,057,640.50	-8,536.44	6,325.00	2.00 2.06	0.48 0.89	0.85
Aaa AA+/NA	1,723,000	037833CU2	Apple Inc	2.85 5/11/24	1,796,138.59	1,812,847.10	-16,708.51	6,820.21	2.14 2.20	0.46 0.89	1.45
A1 AA/AA-	1,225,000	023135AZ9	Amazon.com Inc	2.80 8/22/24	1,282,495.90	1,279,694.93	2,800.97	12,290.83	2.40 2.48	0.97 0.88	1.04
Aaa AA+/NA	2,500,000	037833AZ3	Apple Inc	2.50 2/9/25	2,603,006.55	2,619,326.37	-16,319.82	24,652.78	2.97 3.11	0.94 1.14	2.11

Holdings

10.1.21 - 12.31.21
Kenai Peninsula Borough

Moody's S&P/Fitch	Quantity (Par)	Asset ID	Security Description	Coupon Maturity	Market Value	Cost1	Unrealized Gain/Loss	Accrued Income	Duration Avg Life	Book Yield Mkt Yield	% Assets
Corporate											
Aaa	4,331,000	478160CN2	Johnson & Johnson	0.55	4,225,191.07	4,253,333.29	-28,142.22	7,940.17	3.60	1.05	3.40
AAA/NA				9/1/25					3.67	1.23	
Aa3	1,600,000	053015AE3	Automatic Data Processing Inc	3.38	1,718,567.14	1,711,123.51	7,443.63	15,900.00	3.27	1.31	1.39
AA-/AA-				9/15/25					3.46	1.18	
Aaa	1,548,000	594918BJ2	Microsoft Corp	3.13	1,650,811.50	1,687,416.56	-36,605.06	7,793.75	3.43	0.58	1.33
AAA/AAA				11/3/25					3.59	1.23	
Subtotal					29,383,415.11	29,285,971.45	97,443.66	183,423.02	1.95 2.02	1.52 0.82	23.74
Government Related											
Aaa	600,000	3137EAEQ8	Federal Home Loan Mortgage Corp	0.38	598,818.40	599,347.81	-529.41	443.75	1.30	0.46	0.48
AA+/AAA				4/20/23					1.31	0.53	
Aaa	5,000,000	3133ELVQ4	Federal Farm Credit Banks Funding Corp	0.95	4,973,195.95	5,016,878.02	-43,682.07	11,875.00	3.18	0.84	4.00
AA+/AAA				4/1/25					3.25	1.12	
Aaa	1,200,000	3130AJHU6	Federal Home Loan Banks	0.50	1,178,297.77	1,196,067.73	-17,769.96	1,283.33	3.24	0.60	0.95
AA+/AAA				4/14/25					3.29	1.06	
Aaa	2,000,000	3135G03U5	Federal National Mortgage Association	0.63	1,972,281.60	1,997,258.47	-24,976.87	2,395.83	3.26	0.67	1.59
AA+/AAA				4/22/25					3.31	1.05	
Aaa	5,000,000	3135G04Z3	Federal National Mortgage Association	0.50	4,901,838.25	4,992,802.58	-90,964.33	972.22	3.42	0.54	3.94
AA+/AAA				6/17/25					3.46	1.08	
Aaa	1,000,000	3137EAEU9	Federal Home Loan Mortgage Corp	0.38	974,353.85	996,443.87	-22,090.02	1,666.67	3.51	0.48	0.78
AA+/AAA				7/21/25					3.56	1.11	
Aaa	5,000,000	3135G05X7	Federal National Mortgage Association	0.38	4,862,831.20	4,982,848.16	-120,016.96	6,562.50	3.60	0.47	3.91
AA+/AAA				8/25/25					3.65	1.14	
Aaa	1,500,000	3130AK5E2	Federal Home Loan Banks	0.38	1,458,034.34	1,496,673.54	-38,639.21	1,828.13	3.63	0.44	1.17
AA+/AAA				9/4/25					3.68	1.15	
Aaa	1,200,000	3137EAEX3	Federal Home Loan Mortgage Corp	0.38	1,167,437.09	1,197,299.61	-29,862.52	1,225.00	3.68	0.44	0.94
AA+/AAA				9/23/25					3.73	1.12	

Holdings

10.1.21 - 12.31.21
Kenai Peninsula Borough

Moody's S&P/Fitch	Quantity (Par)	Asset ID	Security Description	Coupon Maturity	Market Value	Cost1	Unrealized Gain/Loss	Accrued Income	Duration Avg Life	Book Yield Mkt Yield	% Assets
Government Related											
Aaa	1,000,000	3135G06G3	Federal National Mortgage Association	0.50	975,135.38	997,228.17	-22,092.79	750.00	3.79	0.57	0.78
AA+/AAA				11/7/25					3.85	1.16	
Subtotal					23,062,223.83	23,472,847.96	-410,624.14	29,002.43	3.37 3.43	0.59 1.09	18.54
Municipals											
Aa2	300,000	6817124T9	City of Omaha NE	3.26	300,269.74	300,000.00	269.74	4,509.67	0.04	3.26	0.24
AA+/NA				1/15/22					0.04	0.87	
A1	1,000,000	735389YT9	Port of Seattle WA	2.43	1,007,321.01	1,000,000.00	7,321.01	4,050.00	0.33	2.43	0.81
A+/AA-				5/1/22					0.34	0.23	
Aa2	1,250,000	56052AD60	State of Maine	2.50	1,260,590.55	1,252,081.39	8,509.16	2,604.17	0.42	2.09	1.01
AA/NA				6/1/22					0.42	0.46	
Aaa	1,000,000	010878AN6	County of Alameda CA	4.00	1,020,606.77	1,006,723.56	13,883.21	16,666.67	0.57	2.83	0.83
AAA/AAA				8/1/22					0.59	0.46	
Aa2	430,000	091096NC7	Water Works Board of the City of Birmingham	2.16	436,921.56	430,000.00	6,921.56	4,646.15	0.98	2.16	0.35
AA/NA				1/1/23					1.00	0.54	
Aa2	325,000	6817124U6	City of Omaha NE	3.31	333,805.22	325,000.00	8,805.22	4,960.40	1.01	3.31	0.27
AA+/NA				1/15/23					1.04	0.69	
Aa1	500,000	64971XGA0	New York City Transitional Finance Authority	3.25	518,732.26	500,000.00	18,732.26	6,770.83	1.53	3.25	0.42
AAA/AAA			Future Tax Secured Revenue	8/1/23					1.59	0.86	
Aa2	700,000	44244CXM4	City of Houston TX Combined Utility System	1.75	711,637.44	700,000.00	11,637.44	1,561.70	1.84	1.75	0.57
AA/NA			Revenue	11/15/23					1.88	0.85	
Aa3	320,000	783186UB3	Rutgers The State University of New Jersey	2.16	327,930.96	320,000.00	7,930.96	1,152.53	2.27	2.16	0.26
A+/NA				5/1/24					2.34	1.08	
Aa2	500,000	059231X21	City of Baltimore MD	0.70	496,167.76	500,000.00	-3,832.25	1,737.50	2.46	0.70	0.40
AA-/NA				7/1/24					2.50	1.01	
Aaa	500,000	953107AC3	Town of West Hartford CT	0.72	495,449.76	500,000.00	-4,550.25	1,737.21	2.46	0.72	0.40
AAA/NA				7/1/24					2.50	1.09	

Holdings

10.1.21 - 12.31.21
Kenai Peninsula Borough

Moody's S&P/Fitch	Quantity (Par)	Asset ID	Security Description	Coupon Maturity	Market Value	Cost1	Unrealized Gain/Loss	Accrued Income	Duration Avg Life	Book Yield Mkt Yield	% Assets
Municipals											
Aa1 AA+/NA	1,200,000	052403GZ9	Austin Community College District	5.00 8/1/24	1,321,907.41	1,328,560.93	-6,653.52	25,000.00	2.41 2.59	0.80 1.00	1.08
Aa1 AA+/NA	1,220,000	231237N87	Cupertino Union School District	2.00 8/1/24	1,251,203.95	1,220,000.00	31,203.95	10,166.67	2.50 2.59	2.00 0.99	1.01
Aaa AA+/NA	1,100,000	54438CYJ5	Los Angeles Community College District/CA	0.67 8/1/24	1,091,862.04	1,100,000.00	-8,137.97	3,084.58	2.55 2.59	0.67 0.96	0.88
Aa1 AA+/AA+	250,000	576051VX1	Massachusetts Water Resources Authority	1.86 8/1/24	255,555.50	250,000.00	5,555.50	1,939.58	2.50 2.59	1.86 0.99	0.21
Aa1 AA/NA	1,000,000	914460VC1	University of Minnesota	0.70 11/1/24	991,010.67	1,000,000.00	-8,989.33	1,166.67	2.80 2.84	0.70 1.02	0.80
Aa2 AA/NA	175,000	889294RQ9	Toledo City School District	5.00 12/1/24	194,859.85	194,466.65	393.20	729.17	2.74 2.92	1.11 1.04	0.16
Aa2 AA/NA	525,000	386289NC2	City of Grand Rapids MI Sanitary Sewer System Revenue	0.94 1/1/25	522,103.79	525,000.00	-2,896.21	2,195.67	2.94 3.00	0.94 1.13	0.42
Aa1 AA/NA	550,000	13281NB35	Camden County Improvement Authority	0.99 1/15/25	543,762.02	550,000.00	-6,237.98	3,061.07	2.97 3.04	0.99 1.37	0.44
Aa1 AA/AA	1,000,000	765433LQ8	City of Richmond VA Public Utility Revenue	2.09 1/15/25	1,028,218.08	1,000,000.00	28,218.08	9,618.78	2.92 3.04	2.09 1.14	0.83
Aa1 AA+/NA	500,000	882669CP7	Texas Public Finance Authority	2.00 2/1/25	512,122.92	516,379.46	-4,256.55	4,166.67	2.97 3.09	0.92 1.20	0.41
Aa1 AA/NA	250,000	486063G61	Katy Independent School District	3.00 2/15/25	265,192.89	265,797.49	-604.60	2,833.33	2.96 3.13	0.94 1.02	0.22
Aa3 AA/AA	450,000	072024XB3	Bay Area Toll Authority	0.88 4/1/25	444,220.81	450,000.00	-5,779.19	988.88	3.18 3.25	0.88 1.28	0.36
Aa3 A+/NA	540,000	914716T21	University of North Carolina at Charlotte	1.03 4/1/25	534,764.47	540,000.00	-5,235.53	1,383.75	3.17 3.25	1.02 1.33	0.43

Holdings

10.1.21 - 12.31.21
Kenai Peninsula Borough

Moody's S&P/Fitch	Quantity (Par)	Asset ID	Security Description	Coupon Maturity	Market Value	Cost1	Unrealized Gain/Loss	Accrued Income	Duration Avg Life	Book Yield Mkt Yield	% Assets
Municipals											
Aaa	950,000	91523NWD4	University of Washington	0.60	933,020.73	950,000.00	-16,979.27	1,425.00	3.20	0.60	0.75
AA+/NA				4/1/25					3.25	1.16	
Aa3	600,000	13032UXM5	California Health Facilities Financing Authority	0.95	592,693.18	600,000.00	-7,306.82	476.00	3.34	0.95	0.48
AA-/AA-				6/1/25					3.42	1.32	
Aaa	700,000	088281N97	County of Bexar TX	5.00	789,363.11	802,634.44	-13,271.33	1,555.56	3.21	0.70	0.63
AAA/AAA				6/15/25					3.46	1.21	
Aa2	550,000	382529AE5	City of Goodyear AZ Excise Tax Revenue	1.09	543,313.83	550,000.00	-6,686.17	2,992.00	3.40	1.09	0.44
AA+/NA				7/1/25					3.50	1.44	
Aaa	250,000	810454BL1	City of Scottsdale AZ	0.61	245,246.41	250,000.00	-4,753.59	760.00	3.44	0.61	0.20
AAA/AAA				7/1/25					3.50	1.16	
Aa2	500,000	898797HT5	City of Tucson AZ Water System Revenue	0.85	492,563.59	500,000.00	-7,436.41	2,115.00	3.42	0.85	0.40
AA/AA				7/1/25					3.50	1.28	
Aa2	1,500,000	15722TJQ5	Chabot-Las Positas Community College District	0.88	1,479,297.53	1,500,000.00	-20,702.48	5,170.00	3.50	0.88	1.19
AA/NA				8/1/25					3.59	1.27	
Aaa	1,000,000	345102PG6	Foothill-De Anza Community College District	0.91	989,153.37	1,000,000.00	-10,846.63	3,775.00	3.50	0.91	0.80
AAA/NA				8/1/25					3.59	1.22	
Aa2	200,000	447871AD6	City of Hurst TX	0.85	197,135.91	200,000.00	-2,864.09	859.44	3.54	0.85	0.16
AA/NA				8/15/25					3.63	1.25	
Aaa	1,000,000	235308D75	Dallas Independent School District	4.00	1,098,787.23	1,108,619.91	-9,832.68	15,111.11	3.35	0.94	0.89
AAA/AAA				8/15/25					3.63	1.20	
Aa3	300,000	73358XDA7	Port Authority of New York & New Jersey	1.60	299,398.77	300,000.00	-601.23	26.58	3.98	1.59	0.24
A+/A+				2/15/26					4.13	1.64	
Aa2	450,000	68587FAW4	Oregon Education Districts	1.10	443,173.13	450,000.00	-6,826.87	13.80	4.37	1.10	0.36
AA/NA				6/30/26					4.50	1.45	
Subtotal					23,969,364.22	23,985,263.83	-15,899.66	151,011.14	2.51 2.59	1.38 1.02	19.36

Holdings

10.1.21 - 12.31.21
Kenai Peninsula Borough

Moody's S&P/Fitch	Quantity (Par)	Asset ID	Security Description	Coupon Maturity	Market Value	Cost1	Unrealized Gain/Loss	Accrued Income	Duration Avg Life	Book Yield Mkt Yield	% Assets
Securitized											
Aaa AA+/AAA	89,689	3137APP61	Freddie Mac Multifamily Structured Pass Through Certificates	2.79 1/1/22	89,688.81	89,688.81	0.00	208.45	0.07 0.07	2.77 0.00	0.07
Aaa AA+/AAA	770,452	31381TV72	Fannie Mae Pool (470538)	3.22 3/1/22	770,451.58	770,516.59	-65.01	2,136.29	0.23 0.24	3.12 2.28	0.62
Aaa AA+/AAA	146,583	3136AMM48	Fannie Mae-Aces	2.51 7/1/22	146,768.85	146,599.85	169.00	306.48	0.15 0.15	2.44 0.47	0.12
Aaa AA+/AAA	963,756	3137AVXN2	Freddie Mac Multifamily Structured Pass Through Certificates	2.36 7/1/22	970,250.57	963,881.53	6,369.04	1,891.37	0.44 0.44	2.30 0.48	0.78
Aaa AA+/AAA	805,336	31381UE78	Fannie Mae Pool (470958)	2.56 8/1/22	806,068.79	805,489.84	578.95	1,775.32	0.63 0.65	2.49 2.18	0.65
Aaa AA+/AAA	952,713	3138L0MH1	Fannie Mae Pool (AM0359)	2.31 8/1/22	953,466.63	952,247.97	1,218.66	1,895.11	0.63 0.65	2.48 1.97	0.77
Aaa AA+/AAA	1,101,699	3138L14P1	Fannie Mae Pool (AM1729)	2.30 1/1/23	1,108,049.99	1,099,090.37	8,959.62	2,181.98	1.05 1.07	2.77 1.61	0.89
Aaa AA+/AAA	539,233	3138L2VY0	Fannie Mae Pool (AM2430)	2.73 2/1/23	544,530.78	538,977.16	5,553.62	1,267.65	1.11 1.13	2.82 1.74	0.44
Aaa AA+/AAA	947,501	3137B36J2	Freddie Mac Multifamily Structured Pass Through Certificates	3.32 2/1/23	970,005.72	948,976.41	21,029.31	2,617.15	0.98 1.00	3.01 0.71	0.78
Aaa AA+/AAA	1,000,000	3138L3TA3	Fannie Mae Pool (AM3244)	2.52 5/1/23	1,012,121.11	998,933.90	13,187.21	2,170.00	0.89 0.90	2.68 1.02	0.81
Aaa AA+/AAA	993,733	3138LETQ4	Fannie Mae Pool (AN2358)	1.90 8/1/23	1,003,640.85	987,988.52	15,652.33	1,625.86	1.58 1.62	2.63 1.22	0.81
Aaa AA+/AAA	849,464	3138L42J1	Fannie Mae Pool (AM4376)	3.46 9/1/23	870,247.07	850,621.55	19,625.52	2,530.93	1.18 1.22	3.30 1.24	0.70
Aaa AA+/AAA	750,000	3137BWWD2	Freddie Mac Multifamily Structured Pass Through Certificates	3.00 1/1/24	773,742.46	754,614.94	19,127.52	1,876.25	1.74 1.79	2.52 1.11	0.62

Holdings

10.1.21 - 12.31.21
Kenai Peninsula Borough

Moody's S&P/Fitch	Quantity (Par)	Asset ID	Security Description	Coupon Maturity	Market Value	Cost1	Unrealized Gain/Loss	Accrued Income	Duration Avg Life	Book Yield Mkt Yield	% Assets
Securitized											
Aaa	1,000,000	3138LHQT4	Fannie Mae Pool (AN4965)	2.72	1,023,105.04	1,001,098.94	22,006.10	2,342.22	1.69	2.62	0.82
AA+/AAA				3/1/24					1.74	1.27	
Aaa	416,940	3136AKQM8	Fannie Mae-Aces	3.06	432,351.69	420,405.14	11,946.55	1,061.81	1.96	2.37	0.35
AA+/AAA				6/1/24					2.03	1.11	
Aaa	428,284	3138L85B6	Fannie Mae Pool (AM8041)	2.45	439,983.91	442,528.57	-2,544.66	903.56	2.60	0.46	0.35
AA+/AAA				4/1/25					2.71	1.40	
Aaa	1,150,000	3140HY5A2	Fannie Mae Pool (BL7140)	1.22	1,147,580.78	1,165,299.04	-17,718.26	1,208.14	3.34	0.46	0.92
AA+/AAA				6/1/25					3.44	1.28	
Aaa	1,150,000	3132XFFH6	Freddie Mac Pool (WN1067)	0.77	1,126,597.56	1,155,875.51	-29,277.95	762.51	1.95	0.50	0.91
AA+/AAA				10/1/25					2.03	1.77	
Subtotal					14,188,652.19	14,092,834.64	95,817.55	28,761.08	1.34 1.38	2.28 1.37	11.41
Treasury											
Aaa	4,250,000	91282CDD0	United States Treasury Note/Bond	0.38	4,225,761.74	4,237,239.57	-11,477.83	2,729.63	1.82	0.54	3.39
AA+/AAA				10/31/23					1.83	0.69	
Aaa	1,600,000	912828XX3	United States Treasury Note/Bond	2.00	1,644,750.00	1,615,454.93	29,295.07	88.40	2.44	1.60	1.32
AA+/AAA				6/30/24					2.50	0.87	
Aaa	2,500,000	91282CDB4	United States Treasury Note/Bond	0.63	2,480,664.08	2,486,366.94	-5,702.87	3,348.21	2.75	0.82	1.99
AA+/AAA				10/15/24					2.79	0.91	
Aaa	1,500,000	912828YV6	United States Treasury Note/Bond	1.50	1,524,023.45	1,495,619.05	28,404.40	1,978.02	2.85	1.60	1.23
AA+/AAA				11/30/24					2.92	0.94	
Aaa	2,000,000	912828Z52	United States Treasury Note/Bond	1.38	2,023,281.26	1,997,502.78	25,778.48	11,508.15	3.00	1.42	1.63
AA+/AAA				1/31/25					3.08	0.99	
Aaa	2,500,000	91282CAT8	United States Treasury Note/Bond	0.25	2,417,382.83	2,421,931.49	-4,548.67	1,070.44	3.79	1.08	1.94
AA+/AAA				10/31/25					3.83	1.13	
Aaa	1,500,000	91282CBH3	United States Treasury Note/Bond	0.38	1,452,070.32	1,491,148.67	-39,078.35	2,353.94	4.03	0.52	1.17
AA+/AAA				1/31/26					4.09	1.18	

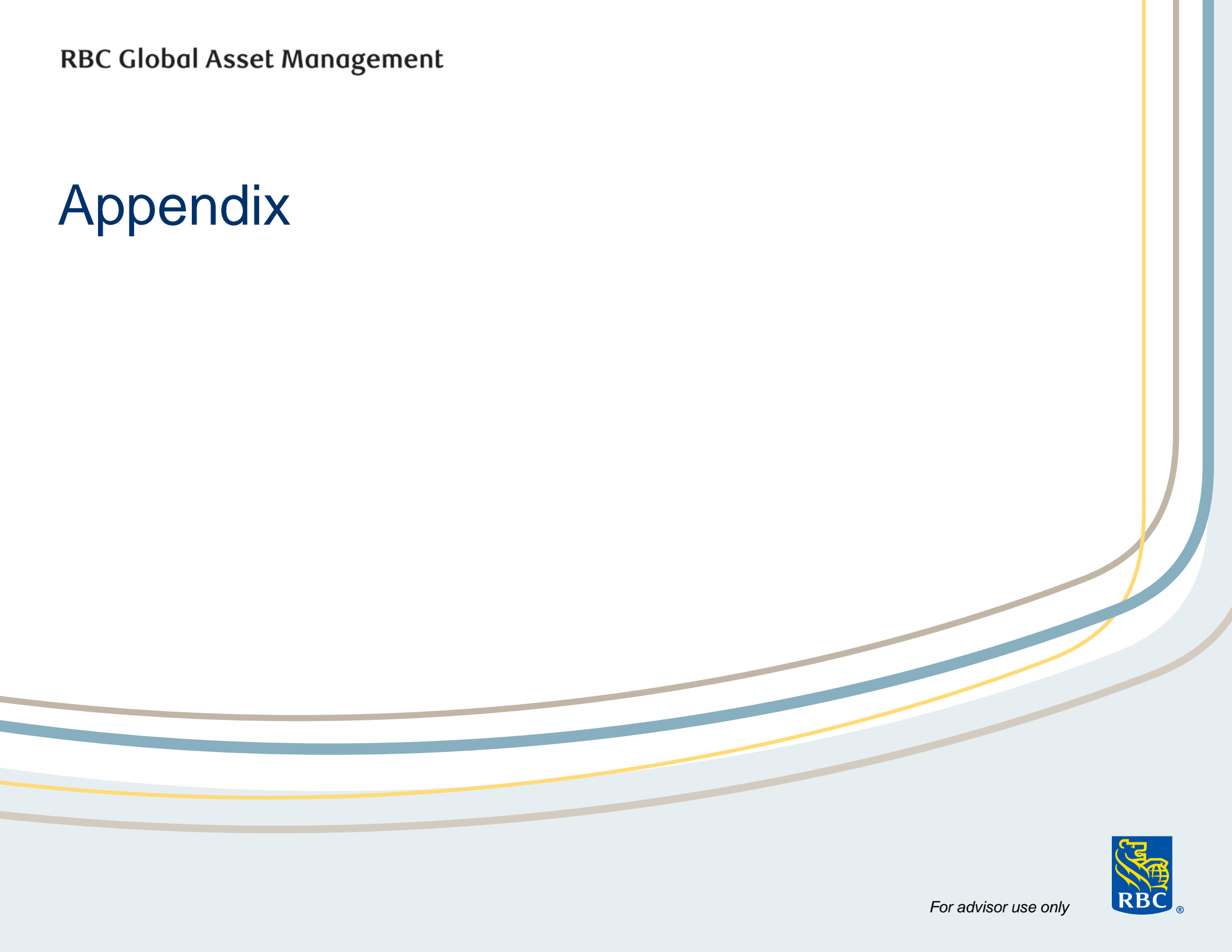
Holdings

10.1.21 - 12.31.21
Kenai Peninsula Borough

Moody's S&P/Fitch	Quantity (Par)	Asset ID	Security Description	Coupon Maturity	Market Value	Cost ¹	Unrealized Gain/Loss	Accrued Income	Duration Avg Life	Book Yield Mkt Yield	% Assets
Treasury											
Aaa	2,000,000	91282CCF6	United States Treasury Note/Bond	0.75	1,960,156.26	1,996,199.73	-36,043.47	1,318.68	4.32	0.79	1.57
AA+/AAA				5/31/26					4.42	1.21	
Aaa	6,000,000	91282CCW9	United States Treasury Note/Bond	0.75	5,869,218.78	5,985,474.03	-116,255.25	15,290.06	4.55	0.80	4.72
AA+/AAA				8/31/26					4.67	1.23	
Aaa	6,000,000	91282CCZ2	United States Treasury Note/Bond	0.88	5,897,812.50	5,904,258.64	-6,446.14	13,413.46	4.62	1.22	4.75
AA+/AAA				9/30/26					4.75	1.25	
Subtotal					29,495,121.22	29,631,195.83	-136,074.63	53,098.99	3.61	0.99	23.72
									3.69	1.07	
Cash & Equivalents											
	4,018,954	CASHUSD	US Dollar	0.00	4,018,954.09	4,018,954.09	0.00	0.00	0.00	0.01	3.23
									0.00	0.01	
Subtotal					4,018,954.09	4,018,954.09	0.00	0.00	0.00	0.01	3.23
									0.00	0.01	
Total					124,117,730.66	124,487,067.80	-369,337.22	445,296.66	2.58	1.23	100.00
									2.65	1.00	

¹ Cost and Gain/Loss are based on Amortized Cost.

Appendix



Glossary of Investment Terms

Total Return	The sum of all investment income plus the changes in the capital valuation in the portfolio.
Market Value	The current face amount of the security multiplied by the market price.
Market Yield	The portfolio's overall yield, as measured by the market valuations of the portfolio holdings.
Book Yield	The yield to maturity of a security, as calculated at the time of purchase.
Duration	<p>The measure of interest rate sensitivity which estimates the price change of a security (or a portfolio of securities) resulting from a change in interest rates.</p> <p>Duration may also be considered to be a measure of the "average maturity" of a stream of payments associated with a bond. It reflects a weighted average of the lengths of time until the remaining payments are made from a bond (or portfolio).</p>
Convexity	A measure of interest rate sensitivity, used along with duration, which estimates the incremental price change resulting from the change in interest rates.
OAS	Option-Adjusted Spread (OAS) is a measure of a security's extra return over the return of a comparable risk-free security.
Spread Duration	<p>The measure of the sensitivity of a security's price to changes in spreads, relative to U.S. Treasuries (a risk-free security).</p> <p>Wider (or more narrow) spreads will cause the price of the securities to fall (rise).</p>
Amortized Cost	The price paid for the security, plus or minus adjustments for any purchase discounts of premiums associated with the purchase.
Unrealized Gain, Unrealized Loss	The gain/loss that would be recognized from selling an asset, as compared to the reported amortized cost.

Investment Policy Statement

Kenai Peninsula Borough

INVESTMENT ADMINISTRATIVE PROCEDURES

These are specific procedures for the investment of Borough funds. Investment procedures are formulated by the Finance Director under the purview of the investment code of ordinances.

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Approved by:  10/11/18
 Brandi Harbaugh, Finance Director Date

Concur:  10/11/18
 Charlie Pierce, Kenai Peninsula Borough Mayor Date

POLICY

It is the policy of the Kenai Peninsula Borough (KPB) to invest public funds in a manner that will best meets the objectives specified in Chapter 5.10.010 of the KPB Code of ordinances. The objectives listed in their relative order of importance are as follows:

1. Safety of principal: Investments of the borough shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. This objective will be met through diversification of the portfolio.
2. Maintaining sufficient liquidity to meet the borough cash flow requirements: The borough's investment portfolio will remain sufficiently liquid to enable the borough to meet all operating requirements that might be reasonably anticipated.
3. Achieving a reasonable market rate of return: The borough's investment portfolio shall be managed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the borough's investment risk constraints and the cash flow characteristics of the portfolio.

I. General Requirements

1. Diversification

The following is the maximum targeted level of investment in different instruments:

Type	Sector Level	Issuer Level	Maturity
- U.S. Treasury securities	100%	100%	5 yrs.
- Other obligations of the U.S. Govt., its Agencies and Instrumentalities (including mortgage backed)	100%	40%	5 yrs.
- Corporate Bonds	50%	5%	5 yrs.
- Municipal Bonds (state or political subdivisions)	25%	5%	5 yrs.
- Money Market Mutual Funds, subject to limits per KPB 5.10.040 (11)	20%	20%	N/A

Investment Policy Statement

Kenai Peninsula Borough

The following items are only available for purchase by the internal investment pool:

Type	Sector Level	Issuer Level	Maturity
- Overnight Repurchase Agreements	20%	20%	N/A
- Term Repurchase Agreements and Certificates of Deposit:			
7-Day Term or shorter	25%	20%	N/A
Greater than a 7-day term	25%	10%	3 yrs.
- Bankers Acceptances	10%	5%	180 days
- Commercial Paper	25%	5%	270 days
- Alaska Municipal League Investment Pool	20%		N/A
- KPB Special Assessment Districts	\$5,000,000		10 yrs.

* Issuer means counterparty in the case of Repurchase Agreements

The Borough's internally managed portfolio will include maturities of less than 3-year and is expected to be the primary source of liquidity among the Borough's investments. The externally managed portfolio will be allowed to invest in maturities ranging out to 5-years, but will have maturities laddered across that range.

Normally, a minimum of 40% of the portfolio will be invested for one year or less. Cash flow requirements combined with market opportunities may result in actual levels below or above target maturity levels. The total portfolio will be invested based on the following target maturities:

- One Year or Less 40%
- One to Three Years 30%
- Three to Five Years 30%

2. Safekeeping and Custody

All security transactions, including collateral for repurchase agreements, entered into by the (entity) shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director and evidenced by safekeeping receipts and in accordance with KPB 5.10.080.

3. Minimum Ratings for Corporate Bonds and Commercial Paper

Investment grade corporate bonds with the following ratings at the time of purchase may be added to the portfolio:

- 1 year or less, single "A" rated by two major rating agencies
- 1 - 2 years, double "A" rated by at least one major rating agency
- 2 - 4 years, double "A" rated by two major rating agencies
- 4 - 5 years, triple "A" rated by two major rating agencies

Investment grade corporate bonds are defined as those with a rating of triple "B" or higher by a major rating agency. In the event an issuer of corporate bond held in the portfolio having a remaining term to maturity of more than one year is downgraded to less than triple "B" by both

Moody's and Standard and Poor's Corporation, the security will be liquidated in an orderly manner.

Commercial paper must be rated "A" or P1 or higher by Moody's Investor's Service, Inc., and "A" or A-1 or higher by Standard and Poor's Corporation at the time of purchase.

Municipal bonds issued by states or political subdivisions must be rated "A" or P1 or higher by Moody's and "A" or A-1 or higher by Standard and Poor's Corporation.

4. Current Agreements and Contracts Listing

Investment Safekeeping:	Wells Fargo
Collateral Safekeeping:	Wells Fargo
Banking Services:	First National Bank Alaska
Tri-Party:	First National Bank Alaska and Union Bank of California
Overnight Repurchase:	First National Bank Alaska
Investment Management:	RBC Public Fund Services

5. Internal Controls

The management of borough investments may be accomplished internally or through one or more external investment managers. The Finance Director is responsible for purchasing and selling investments that are managed internally and oversight of any funds being managed by an External Investment Portfolio Manager. In the absence of the Finance Director, the Controller is authorized to act on the Borough's behalf. The Controller or Treasury/Budget Analyst is responsible for accounting for investments. Control over securities is achieved through separation of the accounting and safekeeping functions.

Safekeeping Authority:	Finance Director
	Treasury/Budget Analyst

6. Report Format

A report will be prepared at least quarterly for the Assembly showing the following information:

- Name of issuer of each security held in the portfolio
- Type of investment
- Par value of each security
- Yield to maturity of each security
- Annualized yield of the portfolio
- Average term to maturity of portfolio
- Market Value of Portfolio Including Net Unrealized Gains or Losses

Investment Policy Statement

Kenai Peninsula Borough

II. Internal Investment Pool Requirements

1. Bid Procedures

At least two bids will be received from brokers listed on the broker's list for regular investment activities. The bid selected will be based on its overall value to the portfolio. Transactions will be awarded to a broker listed on the broker's list.

2. Broker List

Brokers may be placed on the list after obtaining suitable references. No investments may be purchased from a broker not on this list.

- Michael Zetameyer, RBC Wealth Management (541) 654-3704
- Greg Hagen, Piper Jaffray (503) 275-3951
- Douglas Chin, Wells Fargo Brokerage Services (800) 756 8260

3. Financial Institution List

A financial institution may appear on this list based on an evaluation of their overall credit-worthiness.

- Wells Fargo
- First National Bank of Alaska
- Key Bank
- Bank of America
- Northrim Bank

4. Collateralization

- A. If Borough moneys are invested in certificates of deposit or other deposits, the entire amount of principal and interest which will be payable to the borough upon maturity of the investment must be collateralized by any combination of the following securities, at the following margin requirements and maturities:

COLLATERAL TYPE	MARGIN REQUIREMENT
1. U.S. Treasury Securities with a maturity date 5 years or less from the date of the borough's investment transaction.....	102%
2. Actively traded U.S. Government Agency or Instrumentality Securities, except mortgage pass-through securities with a:	
a. Maturity date one year or less from the date of the borough's investment transaction.....	103%
b. Maturity date between 1 and 5 years from the date of the borough's investment transaction.....	107%
3. Government National Mortgage Association mortgage pass-through securities.....	120%
4. Obligations of the State of Alaska and its political subdivisions secured by the full faith, credit and taxing power thereof:	
a. Maturity date 1 year or less from the date of the borough's investment transaction.....	102%

- b. Maturity date between 1 and 5 years from the date of borough's investment transaction.

5. FDIC and FSLIC Insurance..... 100%

- B. A financial institution shall not release, assign, sell, mortgage, lease, transfer, pledge or grant a security interest in, encumber, substitute or otherwise dispose of or abandon all or any part of pledged collateral without prior written authorization of the borough.

III. External Money Management

1. General Requirements

The Finance Director with the approval of the Mayor may choose to enter into contracts with qualified firms for investment management services. The minimum qualifications are as follows:

- Respondents must be registered with the SEC as an investment advisor.
- Respondents must have experience as advisors with portfolios and municipalities of similar size to the Kenai Peninsula Borough.
- Respondents must have greater than \$500 million of government funds under management.
- Respondents must have a minimum of \$5 million in E&O or professional advisor liability coverage.

The external pool manager shall invest public funds in a manner that will best meets the objectives and authorized investments specified in Chapter 5.10.010 of the KPB Code of ordinances and further defined in items 1-6 of the General Requirements of the above policy.

Normally, a minimum of 40% of the combined internal and external portfolios will be invested for one year or less. Because the internal investment pool managed by the Borough which is mostly invested in investments having maturities of less than two years, and nearly matches the market value of the external portfolio, the recommended targets for the external investment pool are as follows:

• One Year or Less	10% to 30%
• One to Three Years	30% to 45%
• Three to Five Years	Targeted Maximum 35%

Cash flow requirements combined with market opportunities may result in actual levels below or above target maturity levels.

2. Benchmark

The external portfolio's reference benchmark is the ICE BofAML 1-5 Yr. AAA-A US Corporate & Government.



Investment Policy Statement

Kenai Peninsula Borough

III. Land Trust Investment Fund Investments (LTIF)

1. General Requirements

The Finance Director provides management of the Land Trust Investment Fund (LTIF), with the financial asset investments of the LTIF approved by the Borough Assembly through resolution during the annual budgetary process, in the form of an asset allocation plan. The asset allocation plan shall have specific categories of investments of the fund with percentage targets to allow for reasonable fluctuations above and below the target percentage. The plan will establish benchmarks for evaluating the performance of each investment manager and asset classification. Investments shall be managed and adhere to the target ranges of the asset allocation plan.

The governing ordinance KPB Ordinance 2018-29 provides that the Borough retain one or more professional investment managers with experience handling institutional endowment investments to manage, design portfolio asset allocation plans, and invest funds held by the custodian in accordance with the written investment policies adopted by the Borough Assembly established in KPB Code 5.20.030.

The Borough's Code authorizes the following investments for the LTIF through KPB Code 5.10.200.B:

Authorized Investments:

A. Financial Assets - Money in the Land Trust Investment Fund shall be invested only in the following instruments and subject to the applicable limitations and requirements.

1. Investments authorized by KPB 5.10.040.
2. Bonds or other U.S. dollar denominated debt instrument of this state, its agencies, municipalities, any other state which at the time of investment have an investment grade rating by a nationally recognized rating agency. If, after purchase, these obligations are downgraded below investment grade, the obligations shall be sold in an orderly manner within ninety (90) days of downgrading.
3. Corporate obligations of investment-grade quality as recognized by a nationally recognized rating organization. If, after purchase, these obligations are downgraded below investment grade, the obligations shall be sold in an orderly manner within ninety (90) days of downgrading.
4. Domestic equities, which taken as a whole, attempt to mirror the characteristics or replicate the Standard and Poor's 500 Index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).
5. Domestic equities, which taken as a whole, attempt to replicate the Standard and Poor's 400 Mid-Cap Index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).
6. Domestic equities, which taken as a whole, attempt to replicate the Standard and Poor's 600 Small-Cap Index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).

7. International equities, which taken as a whole, attempt to replicate the Financial Times Stock Exchange Developed ex North America Index or another index of similar characteristics, including both mutual funds and exchange traded funds (ETFs).
8. Equities, which taken as a whole, attempt to replicate the universe of domestic real estate investment trusts as represented by the Standard and Poor's REIT composite index or another index of similar characteristics including both mutual funds and exchange traded funds (ETFs).
9. Emerging market equities, which taken as a whole, attempt to replicate the Financial Times Stock Exchange Emerging Index or another index of similar characteristics including both mutual funds and exchange traded funds (ETFs).
10. Interfund loans for land or capital improvements.
 - a) Loans shall only be for the purpose of financing the acquisition of land or capital improvements;
 - b) The rate of interest shall be the prime rate in effect on the date of ordinance approval;
 - c) The term of a loan shall not be longer than the term allowed for a land sale contract of similar size;
 - d) Payments shall be paid in equal annual installments upon adoption of each year's annual budget until the loan is paid in full; and
 - e) All such loans must be approved by the assembly by ordinance, and the assembly may add such additional terms and conditions as appropriate.

B. Non-Financial Assets

Land Trust Investment Fund assets may be used to supplement Land Trust Fund assets for investment in the following:

- a) Land which will be added to the inventory of land assets.
- b) Income producing assets such as improvement to borough lands.

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