

# 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:** Resolution 2021-019, Designating the Investment and Allocation Plan for the Borough's Land Trust Investment Fund and Establishing Appropriate Benchmarks to Measure Performance as of November 1, 2021 and for Calendar Year 2022 (Mayor)

---

Pursuant to KPB 5.10.200, the assembly shall annually designate by resolution the authorized investments and allocation plan for the borough's Land Trust Investment Fund. This resolution establishes the allocation plan and evaluation benchmarks to be used as of November 1, 2021, and for calendar year 2022.

This year's allocation plan has changed to include additional asset classes which are expected to improve the return-to-risk characteristics of the portfolio. The evaluation benchmarks have also changed to include appropriate comparisons for the new asset classes. These changes will allow the portfolio to improve the expected return of the portfolio with less expected risk.

The portfolio is projected to return 5.5 percent (5.5%) annualized for the next ten years. Risk of the portfolio is measured in standard deviation from the expected rate of return. One standard deviation is equal to about 68 percent (68%) of all possible outcomes and two standard deviations is equal to about 95 percent (95%) of all possible outcomes. 68 percent (68%) (one standard deviation) of the time, the portfolio is expected to annually return between negative 2.7 percent (-2.7%) and 14.4 percent (14.4%), with an average annual return of 5.8 percent (5.8%). 97 percent (97%) (two standard deviations) of the time, the portfolio is expected to annually return between negative 11.3 percent (-11.3%) and 22.9 percent (22.9%).

Your consideration of this resolution is appreciated.