



ALASKA MUNICIPAL LEAGUE INVESTMENT POOL

Investment Circular

For Further Information and Membership Application Contact Investment Adviser

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The Pool

The Alaska Municipal League Investment Pool Inc. ("AMLIP") was incorporated in July 1992 under the Alaska Nonprofit Corporations Act (AS 37.23.010-37.23.900). AMLIP was established by the Alaska Municipal League in accordance with the provisions of the Alaska Investment Pool Act and in accordance with the Alaska Municipal League Investment Pool, Inc. Common Investment Agreement ("Common Investment Agreement"). Participation in AMLIP investment pool ("the Pool") is open on a voluntary basis to a Public Entity that becomes a member of AMLIP and executes a Common Investment Agreement, (each member referred to as a "Participant") subject to the provisions of the AMLIP Articles of Incorporation and Bylaws.

AMLIP currently has two investment series, Series I (est. 1992) and Series II (est. 2023). Series I invests in short dated high-quality securities with intent to maintain a stable \$1.00 net asset value and an AAAM stability rating by S&P. To seek a higher yield, Series II invests in securities with greater risk than Series I, having a portfolio target weighted average life 120-180 days with a variable rate net asset value.

AMLIP's governing body is a Board of Directors comprised of local government officials (see "Board of Directors" below), which possess the powers necessary and desirable to manage the business and affairs of AMLIP.

A Participant's investment in the Pool is represented by units of beneficial interest ("Units"). AMLIP will hold legal title to Pool assets for the proportionate benefit of investing Participants. The Pool's assets will be managed separately, for the sole benefit of the Participants. However, a Participant does not have an ownership interest in the specific investments of the Pool. The Pool's assets will be invested in accordance with the specific series investment objectives, limitations, and other policies established for AMLIP. A Public Entity eligible to invest in the Pool must be a political subdivision of the State of Alaska including one of the following:

- Municipalities and their subdivisions
- School Districts
- Regional Education Attendance Areas
- Organization composed of Political Subdivisions

Purpose and Objectives

AMLIP has established certain investment policies, a copy of which is included in an exhibit to the Common Investment Agreement ("Investment Policy"). The purpose of the Pool is to generate income from short-term investments by providing a series of investment vehicles for participants that has a focus on preservation of capital, liquidity, and investment return by pooling monies temporarily available for investment. To accomplish this purpose, AMLIP established the following prioritized investment objectives:

- (1) Preservation of capital- seek to preserve the capital investment of all Participants through prudent management and adoption of investment policies and restrictions;

- (2) Liquidity - seek to meet the needs of Participants for cash by maintaining a high level of portfolio liquidity and investing in readily marketable securities;
- (3) Return - seek to attain the highest level of current income consistent with the objectives of preservation of Capital and liquidity;
- (4) Improving the efficiency and effectiveness of Participants in the investment of their public funds;
- (5) Minimizing administrative fees and transactions and other expenses of investing public funds;
- (6) Providing public entities with a continuous source of managed investment, within the limitations upon such investments prescribed by applicable law; and
- (7) Managing the assets of the Pool with the intent of maintaining a stable \$1.00 Net Asset Value for each whole Units in Series I or floating Net Asset Value for Series II.

Investment Policies and Restrictions

AMLIP seeks to achieve its investment objectives by limiting its investments to instruments described below. All investments must comply with the statutory requirements of the Alaska Investment Pool Act.

An investment pool may invest only in securities that have a final maturity date within 13 months after the date of purchase, except that floating rate securities with a final maturity date that is longer than 13 months may be purchased if they are subject to at least an annual reset. Investments may include:

- (1) Obligations of the United States and of an agency or instrumentality of the United States.
- (2) Repurchase and reverse repurchase agreements shall be secured by obligations of the Treasury of the United States and obligations of an agency or instrumentality of the United States.
- (3) Certificates of deposit, bankers' acceptances and other similar obligations of a bank domiciled in the United States that has:
 - a. Outstanding debt rated A or higher by at least one of the nationally recognized rating services including dollar denominated obligations issued by a U.S. branch of a foreign bank if the debt of the parent is rated A or higher; and
 - b. A combined capital and surplus aggregating at least \$500,000,000.
- (4) Commercial paper and other short-term taxable instruments that, at the time of investment, maintain the highest rating by at least two nationally recognized rating services.

- (5) Obligations of a corporation domiciled in the United States or obligations of a municipality that are taxable under federal law if the obligations are rated A or higher by at least two nationally recognized rating services at the time of investment.
- (6) Certificates of deposit that are issued by a state or federally chartered financial institution that is a commercial or mutual bank savings and loan association or credit union and, if the institution's accounts are insured through the appropriate federal insuring agency of the United States, regardless of whether the institution meets the requirements of item (3) above.
- (7) Money market funds in which the securities of the fund consist of obligations listed in these items (1) — (6).
- (8) Other cash equivalent investments with a maturity date of one year or less after date of the investment that are of similar quality to those listed in items (1) — (7) above, are rated A or higher by at least one of the nationally recognized ratings services, and are approved by the public entities participating in the Pool.

Securities held by an investment pool may be loaned if the securities are fully collateralized and the collateral is, for safekeeping, in the possession of a person who is independent of the borrowers. The collateral must meet institutional and prudent investor standards. All pool proceeds from securities lending must insure to the benefit of investment pool participants.

The portfolio of an investment pool may not contain:

- (1) More than five percent of total investment in securities of one issuer unless the securities are an obligation of or guaranteed by the United States; or
- (2) More than 30 percent of total investments in securities of companies whose principal business is in the same industry; or
- (3) Transactions in futures, options, derivative securities, or short sales.

Sponsor

Alaska Municipal League AMLIP's and founding entity. AMLIP was formed at the direction of the Alaska Municipal League as a service to its members and to other public entities. AML's staff supports AMLIP day-to-day operations at the direction of the executive director, maintains records, and communicates all official notices to members. AML helps with dissemination of AMLIP's information to the members in addition to maintaining the AMLIP website.

Investment Adviser

AMLIP's investment adviser is Alaska Permanent Capital Management (APCM), an Alaskan corporation. APCM has over \$4 billion of assets under management and has been serving Alaska organizations for over 30 years. APCM has been advising AMLIP for over 25 of those 30 years. Through this affiliation, the pool has the benefit of a team of local investment professionals to ensure compliance and oversight of the pool, marketing, and facilitate correspondence to members and prospective members.

Lindsey Cashman
Client Relationship Manager
APCM
3800 Centerpoint Drive, Suite 910
Anchorage AK 99503
907-646-3532
lindsey@apcm.net

Blake Phillips, CFA
VP, Director of Institutional Sales APCM
3800 Centerpoint Drive, Suite 910
Anchorage AK 99503
907-646-3505
blake@apcm.net

Investment Manager

Through its Key Private Bank – Institutional Advisor division, KeyBank provides investment management services to the Pool. Its investment focus is primarily on the investment management of large corporate and public retirement plans, Taft-Hartley plans, foundations, and endowments. In sum, the Key Private Bank and Institutional Advisor division manages \$51 billion in assets for its clients.

On July 1, 2014, KeyBank National Association established KeyBank Municipal Advisor Department (“KMAD”). KMAD is a separately identifiable department of KeyBank National Association and acts as a SEC and MSRB-registered Municipal Advisor. KMAD provides investment management services to AMLIP and other public entity clients with accounts that contain municipal bond proceeds.

Custodian

Through its Key Private Bank - Institutional Advisor Division, Key provides trust management services, including investment management, administrative services, and custody. Key's Institutional Advisor team has developed longstanding relationships with its clients, with their client base having an average tenure of 19 years. Key's Institutional Advisor team partners with institutional and public entity clients to provide custody services including safekeeping, securities settlement, cash management, income collection, and asset valuation.

Brian Crosby
VP, Sr. Institutional Advisor
KeyBank
127 Public Square
Cleveland, OH 44114
216-689-5190
brian_crosby@keybank.com

Kris Nedwick
VP, Sr. Institutional Advisor
KeyBank
101 West Benson Blvd, 4th Floor
Anchorage, AK 99503
907-564-0409
kris_nedwick@keybank.com

Investment Risk

It is the AMLIP member's responsibility to review the Investment Circular and Investment Policy Statement to determine whether AMLIP is a suitable and eligible investment under the member's investment policy or code.

AMLIP's investments will be made in accordance with its Investment Policy. This Investment Policy was established in accordance with the Alaska Investment Pool Act. However, no assurance can be given by AMLIP's the Investment Manager, AMLIP's Investment Adviser, the Alaska Municipal League, or their officers, directors, and employees that these investments are free from risk nor that the investments will earn a return on investment. Neither AMLIP, its officers, directors, employees, nor the Investment Adviser nor the Custodian, nor the Investment Manager or their officers, directors and employees can give any assurance or investment advice to a prospective or ongoing Participant as to an investment which AMLIP makes or will make through the Investment Manager and Investment Adviser. A prospective or ongoing Participant must make its determination about the sustainability of any investment.

Participants should be aware of the risks. An investment in the Pool is neither insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Investment Manager intends to fully comply with AMLIP's investment guidelines which limit investment to only the highest rated short-term securities, there can be no assurance that a stable net asset value will be maintained.

There are several factors that could hurt the Pool's performance or cause AMLIP members to lose money:

- Interest rate risk- When short-term interest rates fall, the series yield is likely to fall. When interest rates increase, especially if the rise is sudden, the series net asset value could decline.
- Credit risk- The issuer of a security could fail to pay interest or principal in a timely manner. The default or decline in credit quality of individual securities within the Pool could pressure the net asset value.
- Market risk- Is the risk that the value of securities fluctuates within a Series due to factors affecting securities markets generally or within a particular industry.
- Liquidity risk- The series net asset value could decrease during times when there are abnormal levels of redemption request or markets are illiquid.
- Management risk- Performance could be hurt by decisions made by the Investment Manager, such as timing and choice of investments.

Participating in the Pool

A public entity may participate in the Pool after obtaining the consent of its governing body through an ordinance authorizing participation, as required by the Alaska Investment Pool Act, and by becoming a member of AMLIP and opening an account with AMLIP by executing the Common Investment Agreement and following other procedures as described elsewhere in this investment circular (see, "Opening an Account" below). No action from the existing participants will be required on new membership and

participation applications, and the Board of Directors will have final authority in acting on applications. In accordance with the bylaws, the Board of Directors will establish the form of the Common Investment Agreement and additional procedures and requirements for entering into that agreement.

In executing a common investment agreement, a public entity will be deemed to expressly (1) designate the investment officers with which AMLIP places any of its public funds as that public entity's investment officers responsible for such funds; (2) designate the depository and custodian into which AMLIP places any of its public funds as that public entity's depository and custodian for such funds; (3) delegate to AMLIP the authority to hold legal title to the assets placed in the Pool; (4) approve the purpose, investment objectives, policies, rules and procedures for the Pool; (5) provide authority to AMLIP, the Board of Directors, Investment Manager, AMLIP's officers, employees and

any of their agents to deposit, withdraw, invest, transfer and otherwise manage the funds which the public entity may place in the Pool, all in conformance with the terms of the Common Investment Agreement, investment objectives, policies, rules, and procedures AMLIP, and the requirements of the Alaska Investment Pool Act.

Opening An Account

Each participant may open as many accounts as it requires. Completed forms must precede the initial investment.

The Investment Adviser will provide a draft ordinance or resolution and Common Investment Agreement. A certified copy of the ordinance or resolution, as passed by the applying Public Entity, and a signed Common Investment Agreement will then need to be provided to the Investment Adviser.

The prospective Participant must then be accepted by AMLIP through its Board of Directors or its designee. The Board of Directors has authorized the Board President to review the prospective member applications and take action to approve and move forward.

To complete the process of becoming an AMLIP member, the Custodian will provide an application form to open an account, this document covers:

- Governmental name in which the account will be registered.
- Governmental address to which correspondence must be directed.
- Member contact information
- Tax identification number
- Authorized signatures
- Pool Series selection
- Beneficial Owner exclusion form

New member accounts are typically opened within three business days after receipt of the completed application.

Investing in the Pool

DAILY OPERATIONS SUMMARY

Transactions

For efficient management, AMLIP members making deposits or withdrawals are urged to submit transaction notifications and requests as early in the day as possible. All requests should be submitted on the appropriate form, via email to IAS@KeyBank.com, or via fax to 1-800-642-5089, Please contact the KeyBank Relationship Managers listed below to obtain copies of the transaction forms.

- For transaction requests of \$5,000,000 or greater, please contact KeyBank (Kris Nedwick or Brian Crosby) with advance notification. Preferably 1-2 days prior to your request. Provide transaction details and indicate whether you will be depositing or withdrawing funds.
- The Pool does not charge a fee for incoming or outgoing wires.
- Transaction confirmations are available upon request. They can also be viewed via the online KeyLink system. Please contact KeyBank for information on access to your accounts online.

Pool Operation Holidays

The Pool is usually open each day the New York Stock Exchange is open. Deposits or Withdrawal requests to/from the Pool will not be processed on banking holidays. These holidays are: New Year's Day, Martin Luther King Day, Presidents Day, Good Friday, Memorial Day, Juneteenth, Independence Day, Labor Day, Columbus Day, Veterans Day, Thanksgiving Day, Christmas Day.

AMLIP- Series I

Deposits

To make an investment you must submit a transaction notification request to KeyBank. The funds must be received by 11:00 A.M. AKST to ensure the money earns the same day income. Deposits received after 11:00 A.M. AKST may not earn income until the following business day.

Deposit by wire instructions:

KeyBank ABA # 041001039

Account # 0005064 Reference: Name of City or Borough, Account # _____ . ____ (seven-digit account number and one-two digit portfolio suffix) Deposits via ACH, Check, and Account Transfer can also be accepted. Please contact KeyBank for additional details.

Withdrawals

Withdrawal requests made to the Pool by 12:00 P.M AKST will be transferred the same business day to the receiving entity. The minimum withdrawal amount is \$1,000.00.

Funds will not be transferred or wired unless a current application/signature card is on file with AMLIP at KeyBank. First time wire requests will require confirmation via telephone.

AMLIP- Series II

Deposits

To make an investment you must submit a trade request form to KeyBank. The funds must be received by 11:00 A.M. AKST to ensure the purchase trade is initiated that day. Deposits received after 11:00 A.M. AKST will not be invested until the following business day.

Deposit by wire instructions:

KeyBank ABA # 041001039

Account # 0005064

Reference: Name of City or Borough, Account # _____ . __ (seven-digit account number and one-two digit portfolio suffix)

Deposits via ACH, check, and account transfer can also be accepted. Please contact KeyBank for the trade form and additional details.

An investment in Series II will take one day for the purchase trade to settle.

Withdrawals

Redemption requests must be submitted to AMLIP by 12:00 P.M AKST to ensure the trade is initiated that day. Redemption requests received after 12:00 P.M. AKST will not be initiated until the following business day. The minimum withdrawal amount is \$1,000.00.

A redemption trade from Series II will take three days from initiation to settle. Funds will be distributed on the settlement date.

Redemption requests will not be initiated unless a current AMLIP application/signature card is on file with the at KeyBank. First time wire requests will require confirmation via telephone by a KeyBank Representative.

Closing an Account or Terminating Participation in the Pool

Participants that wish to bring an account to a zero balance or to terminate their participation in the Pool should call AMLIP's Custodian to receive proper instructions. Zero balance accounts that have been inactive for a year or longer may be purged. A participant whose account has been purged will no longer be deemed to be a participant.

Application Revision Authorization Form

When updating membership information, an application revision form should be filed for each account, with the Custodian. Information and the necessary forms are available by calling AMLIP's Custodian.

Audit Confirmations

Requests for confirmations of account balances must be preauthorized by the participants' finance official. Auditors should send requests to the Pool in care of the Custodian.

Earnings and Distributions

Interest income is calculated to accrue daily, and posts monthly in the form of automatically reinvested units on the first business day of the following month.

The net income of the Pool will consist of (1) all income accrued on the assets of the Pool, less (2) all actual and accrued expenses of the Pool, determined in accordance with generally accepted accounting principles.

Reporting

Online Account Access

Member accounts and statements can be viewed online at the following address. Contact KeyBank to obtain access.

<https://keylinklogin.key.com/mfr>

A participant will receive monthly statements regarding its activity in the Pool. AMLIP maintains participants' accounts in full and fractional units, rounded to the nearest 1/1000 of a unit. All balance and reports are expressed in full and fractional units, which are equivalent to dollars and cents.

Confirmations

Confirmations of purchases and redemptions can be sent upon request or viewed online in real time through the custodian's online accounting portal.

Annual Audit

The financial statements of AMLIP will be audited, and an opinion issued by an independent certified public accounting firm licensed in Alaska following the close of each fiscal year July 1st through June 30th for AMLIP. The examination will include a physical count of securities held by the custodian and/or its agents and a review and evaluation of the adequacy of the AMLIP's controls. An annual report including the auditor's opinion will be issued to each participant of record as of the close of the AMLIP's fiscal year. The current Auditor is Mertz CPA & Advisor.

How Yields and Net Asset Value Are Determined

Series I

The net asset value per unit of the Series will be calculated by adding the value of all portfolio securities and other assets, deducting its actual and accrued liabilities and dividing it by the number of units outstanding. It is the intention of the Series to maintain the net asset value per unit at \$1.00. The Series investment assets are valued based on the amortized or accreted cost valuation technique. This method involves valuing an instrument at its cost and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. While this method provides certainty of valuation, it may result in periods during which value, as determined by amortized or accreted cost, is higher or lower than the price the Series would receive if it sold the instrument. The Series has established policies to stabilize, to the extent reasonably possible, the price per unit at \$1.00. These policies include regular review of the market value of the Series portfolio holdings by the Series and the right of the Series to take corrective action, including sale of instruments prior to maturity to realize capital gains or losses, withholding of dividends or redemption of units in kind.

Although the Series values its instruments based on their amortized or accreted cost, certain occasions may arise on which the Pool sells some portfolio holdings prior to maturity. The proceeds realized by such a sale may be higher or lower than the original cost, thus resulting in a capital gain or loss. The Series amortizes such gains and losses by adjusting the daily net income and distribution. Gains and losses will be calculated and distributed daily.

Series II

The net asset value per unit of the Series will be calculated by adding the value of all portfolio securities and other assets, deducting its actual and accrued liabilities and dividing it by the number of units outstanding. The Series investment assets will be valued at a price received from the Custodian pricing service vendor. Any income earned and realized gains and losses from the sale of assets will be included in the total market value.

Various reports from the Investment Manager will reflect current and effective yields. Current yield is an annualized percentage rate which reflects the change in value of a hypothetical account based on the income received from the Pool during a seven-day period. It is compounded by determining the net change, excluding capital changes, in the value of the account at the end of the period, and the difference is divided by the value of the account at the beginning of the base period return. The result is then annualized. Effective yield is computed in the same manner except that the annualization of the return for the seven-day period reflects the results of compounding.

Expenses of the Pool

The Pool pays fees for: administrative services, member account services, accounting services, safekeeping of assets, technical direction, operational management, marketing services, investment advisory services and investment management services. The fee is calculated daily and paid monthly.

KeyBank (Investment Manager): receives fees computed monthly at an annual rate of 0.11% on the first \$400 million of net assets, 0.085% on net assets over \$400 million but less than \$1 billion, and 0.06% on net assets in excess of \$1 billion.

KeyBank (Custodian): receives fees computed monthly at an annual rate of 0.03% on net assets.

Alaska Permanent Capital Management (Investment Advisor): receives fees computed monthly at an annual rate of 0.0625% on the first \$200 million of net assets, 0.06% on net assets over \$200 million but less than \$400 million, 0.05% on net assets in excess of \$400 million.

Alaska Municipal League: receives fees computed monthly at an annual rate of 0.03% on net assets of the Pool between \$400-\$600 million, 0.02% on net assets greater than \$600 million and less than \$800 million, and 0.01% on net assets greater than \$800 million. AML will receive an annual \$150,000 sponsorship fee adjusted annually by the lesser of 2% or the change in the Anchorage, Alaska Consumer Price Index for all Urban Consumer (CPI-U) for the preceding calendar year. In the event the Anchorage, Alaska Consumer Price Index for all Urban Consumer (CPI-U) for the preceding calendar year is negative, for purpose of this calculation it will be assumed to be zero.

The AMLIP board will be responsible for all direct expenses necessary to maintain the Pool's legal and operational requirements, including audit, insurance, travel, and board meetings, incurred by AML in the performance of its duties.

The assets belonging to each particular Series will be charged with all expenses, costs, charges and reserves attributable to that Series. Any expenses, costs, charges or reserves of the Pool, which are not readily identifiable as belonging to any particular series, will be allocated and charged by the Board of Directors between or among any one or more of the Series in such manner as the Board of Directors, in its sole discretion, deems fair and equitable, and such expenses, costs, charges, and reserves will be payable only from the assets belonging to the applicable Series. Each such allocation will be conclusive and binding for all purposes. Any creditor of any Series may look only to the assets of that Series to satisfy such creditors debt.

Board of Directors

The Board of Directors of the Pool are listed below. The Board of Directors may be expanded by at least a majority vote of the Board as provided in the AMLIP Bylaws; provided that the Board of Directors of the Alaska Municipal League will at all times have power to nominate, elect and otherwise appoint persons to a designated simple majority of the positions on the Board of Directors.

<u>Name</u>	<u>Title</u>	<u>Pool Office</u>	<u>Affiliation</u>
Cheyenne Heindel	Finance Director	President	Matanuska-Susitna Borough
Angie Flick	Finance Director	Vice President	City and Borough of Juneau
Jody Tow	Finance Director	Treasurer	Petersburg Borough
Melissa Haley	Finance Director	Director	City and Borough of Sitka
Kris Erchinger	Finance Director	Director	City of Whittier
Mason Villarma	Finance Director	Director	City and Borough of Wrangell
Brennan Hickok	Deputy Director	Director	AMLJIA
Nils Andreassen	Executive Director	Executive Director	Alaska Municipal League

Powers of the Board of Directors

The Board of Directors will have full power and authority to do any and all acts and to make and execute or authorize the making or executing of any and all contracts and instruments that are necessary for or incidental to the business and affairs of AMLIP and the direction of AMLIP management or the investment of assets of the Pool. Subject to applicable law and the Agreement, the Board of Directors will have full authority and power to make, or cause to be made, any investments which it, in its sole discretion, will deem proper to accomplish the objectives of AMLIP.

Changes in the Contract, Pool Bylaws, Policies or Procedures

The Board of Directors has authority to amend the Common Investment Agreement and the Bylaws of the Pool, as well as other policies and procedures governing the operation of the Pool. However, notice of any amendment to the Common Investment Agreement or AMLIP's Bylaws will be sent to Participants at least 60 days prior to the amendments effectiveness.

Appendix

In addition to this Investment Circular, copies of the following are available from the Alaska Municipal League, Investment Adviser, Custodian, or www.amlip.org:

- Alaska Investment Pool Act (AS 37.23.010-37.23.90)
- Articles of Incorporation
- Pool Bylaws
- Common Investment Agreement
- Investment Policies
- Model/Ordinance for Participation
- Series Supplements
- Application for Pool Membership

These materials must be read carefully prior to investing with the Pool.

This Investment Circular was updated on 01/30/2024.