

Submitted by: Chair of the Assembly  
at the Request of the Mayor  
Prepared by: Department of Law and  
Finance Department,  
Treasury and Public Finance  
Divisions  
For reading: June 6, 2023

**ANCHORAGE, ALASKA  
AO No. 2023-68**

1 **AN OMNIBUS ORDINANCE OF THE ANCHORAGE ASSEMBLY REPEALING**  
2 **CHAPTER 4.50.090, INVESTMENT ADVISORY COMMISSION, AND AMENDING**  
3 **CHAPTER 1.35, OATHS OF OFFICE; CHAPTER 4.40, REGULATORY AND**  
4 **ADJUDICATORY BOARDS AND COMMISSIONS; CHAPTER 6.50.010-.030,**  
5 **CHIEF FISCAL OFFICER, ISSUANCE OF REGULATIONS AND INVESTMENT**  
6 **GUIDELINES FOR MUNICIPAL FUNDS; AND CHAPTER 6.50.060, MOA TRUST**  
7 **FUND, IN SUPPORT OF CREATION OF A NEW FIDUCIARY BOARD OF**  
8 **TRUSTEES TO OVERSEE AND MANAGE THE MOA TRUST FUND AND**  
9 **INVESTMENT RELATED TECHNICAL REFERENCE CHANGES.**

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10  
11 **WHEREAS**, at the April 4, 2023 regular election, Anchorage voters approved a  
12 fundamental change to Municipal Charter Section 13.11 governing management  
13 of the MOA Trust Fund; and

14  
15 **WHEREAS**, this change in management requires the creation of a MOA Trust  
16 Fund Board of Trustees; and

17  
18 **WHEREAS**, a substantial addition to and update of relevant sections of  
19 Anchorage Municipal Code is necessary to create the MOA Trust Fund Board of  
20 Trustees and establish their governance and procedures; now, therefore,

21  
22 **THE ANCHORAGE ASSEMBLY ORDAINS:**

23  
24 **Section 1.** Anchorage Municipal Code section 4.50.090, Investment advisory  
25 commission, is hereby repealed in its entirety effective April 25, 2024. The  
26 Investment Advisory Commission will cease to exist and function at the time the  
27 new board of trustees holds its first public meeting. The existing text of this chapter  
28 being repealed is attached as Exhibit A, in accordance with Anchorage Municipal  
29 Code subsection 1.05.050B.

30  
31 **Section 2.** Anchorage Municipal Code chapter 4.40, Regulatory and  
32 Adjudicatory Boards and Commissions, is hereby amended to add a new section  
33 .170 establishing a new board as follows (*the remainder of the chapter is not*  
34 *affected and therefore not set out*):

35  
36 **4.40.170 – MOA Trust Fund Board of Trustees.**

37  
38 A. *Establishment and Purpose.* There is hereby established a Board of  
39 Trustees (“board”) to provide fiduciary oversight and direction to the  
40 MOA Trust Fund (“Trust”) described within chapter 6.50.060. The

1 Board of Trustees is authorized to operate under the authority of  
2 Municipal Charter Section 13.11, as approved by a majority of  
3 qualified voters of the Municipality of Anchorage (“municipality”) at  
4 the April 4, 2023 municipal election.

5  
6 B. *Board profile and formation.*

7  
8 1. *Qualifications.* Prospective board candidates, except the  
9 Chief Fiscal Officer who serves as an ex officio board member  
10 and is subject at the beginning of their employment to a  
11 separate formal confirmation process by the Municipal  
12 Assembly, shall be appointed by the mayor and confirmed by  
13 the municipal assembly based on the candidate’s summary of  
14 their qualifications and experience in similar positions of  
15 responsibility, such as experience as a trustee or participation  
16 in institutional investing, particularly involving multiple asset  
17 classes, the management of financial institutions, or similar  
18 highly relevant experience. Prior to nomination or confirmation  
19 of appointment, all board candidates, except the Chief Fiscal  
20 Officer, shall be subject to background check by the Human  
21 Resources Department according to standard criteria and to  
22 an additional background check by the Finance Department  
23 utilizing publicly available finance and investment related  
24 regulatory and enforcement agencies including but not limited  
25 to FINRA and SEC posted information.

26  
27 2. *Composition.* The board shall consist of seven members with  
28 staggered designated terms as described in B.4. of this  
29 section. The seven members of the board shall be comprised  
30 of the following:

- 31  
32 a. The Chief Fiscal Officer shall be a fully empowered voting  
33 board member as a permanent ex-officio seat.  
34 b. A majority of the board shall be external members not  
35 employed by the municipality (i.e., at least four but no  
36 more than five members of a seven member board).  
37 External board members shall be residents of the  
38 municipality during their tenure on the board.  
39 c. A minority of the board shall be internal members in active  
40 employment status with the municipality (i.e., at least one  
41 but no more than two members of a seven member board  
42 in addition to the Chief Fiscal Officer). The internal board  
43 members shall serve on the board for their appointed term  
44 as long as they remain in active employment status with  
45 the municipality.

46  
47 The permanent ex-officio seat held by the Chief Fiscal Officer  
48 under chapter 6.50, may be temporarily filled by a formally  
49 designated, fully empowered individual acting on behalf of or  
50 in the absence of the Chief Fiscal Officer. In the absence of

1 the Chief Fiscal Officer and a formal designation, the Chief  
2 Fiscal Officer's seat shall be filled by the Municipal Treasurer,  
3 but not by any person simultaneously serving as the Trust  
4 manager. The role of the Chief Fiscal Officer as a board  
5 member is further described in C.12. of this section. Except  
6 for the Chief Fiscal Officer seat, no other board members may  
7 designate another person to act on their behalf on the board.  
8

9 The Trust manager as defined in chapter 6.50.060 shall not  
10 be eligible to serve on the board.  
11

12 3. *Selection.* All board members shall be appointed to the board  
13 consistent with the terms of the Municipal Charter. Board  
14 seats shall be filled sufficiently to hold a quorum and operate  
15 in a fully functioning capacity within one year of the certified  
16 April 4, 2023 municipal election results.  
17

18 4. *Terms.*

19 a. Board members, excepting the Chief Fiscal Officer,  
20 shall serve four-year terms commencing on October 15  
21 of the year in which appointed and ending four years  
22 thereafter on October 14.

23 b. To avoid a vacancy until new appointments can be  
24 made and confirmed, an appointed board member shall  
25 continue to serve until a replacement is seated, except  
26 in the case of a member removed in accordance with  
27 subsection C.5. of this section. In the event of a  
28 vacancy among the board members, a replacement  
29 shall be appointed in the manner set forth in this  
30 section and shall serve the unexpired term of the  
31 member replaced.

32 c. Internal board members in active employment status  
33 with the municipality shall serve only so long as they  
34 remain employed as such.

35 d. Appointed members are subject to a term limit of two  
36 consecutive full terms beginning when a board member  
37 has been appointed to a full four-year term. Time  
38 served by a board member during any initial stub term  
39 less than four years shall not be counted in connection  
40 with the term limit. After serving two consecutive full  
41 terms, the same member may be appointed to the  
42 board if four full years have transpired since their  
43 previous term limit date.

44 e. Member terms shall be staggered so that not more  
45 than four member terms expire each year. The first  
46 three appointed board members, comprised of two  
47 external board members and one internal member,  
48 shall initially serve stubbed terms of two years for seat  
49 one, seat two, and seat three. The remaining three  
50 appointed board member seats, seats four, five, and

six, will be appointed to full four year terms.

5. *Removal.* In addition to the process established in AMC 4.05.065, the board may recommend removal of a member for good cause by a vote of three-fourths of the board members who are not the subject of the removal proceeding. Such a vote by the board shall constitute a request to the mayor and assembly to initiate an Ethics Board review and removal of the member per AMC 4.05.065. For the purposes of this section, good cause shall mean fraudulent or dishonest acts, gross neglect of duty, or gross abuse of authority. Examples of potential removal for cause reasons include but are not limited to:

- a. pleads guilty or no contest to a misdemeanor, felony, or regulatory inquiry involving theft, embezzlement, deception, or other acts of dishonesty;
- b. any breach of fiduciary duty;
- c. non-compliance with MOA Code of Ethics per AMC 1.15;
- d. non-disclosure of material conflict of interest; or
- e. failure to serve as a committed member by lack of preparation, inconsistent meeting attendance and not performing an active role in board discussions.

C. *Powers and duties.*

1. The sole and exclusive administration of, and the responsibility for, the proper and effective operation of the Trust is vested in the board. The board shall oversee and direct the functioning of the Trust as set forth in this chapter and shall be the final authority in all matters pertaining to the application, interpretation and administration of the provisions of this chapter.
2. All board members shall serve without compensation, but they shall be reimbursed from the Trust for necessary expenses authorized by the board. External board members are eligible to receive three hundred dollars (\$300.00) of stipend for reasonable expenses of attendance including but not limited to mileage for each board meeting attended, not to exceed twelve meetings per year. All other expenses must be preapproved by the board and be reasonably necessary to the function of the board. The board shall, by uniform rule, establish a policy for reimbursement for travel and other expenditures incurred by board members in the course of their duties. Directors and officers insurance may be provided to board members to cover personal liability in accordance with board member duties under this section and specifically AMC 4.40.170E may be an allowable expense at the discretion of

1 the board.  
2

3 3. The board shall defer to the municipal attorney regarding all  
4 legal matters, including advice, representation and  
5 procurement and use of specialized outside legal counsel.  
6 The board is not empowered to directly file or involve itself in  
7 any lawsuit without coordination and approval first received  
8 from the municipal attorney.  
9

10 4. The board and its trustees shall be deemed as fiduciaries of  
11 the Trust and shall discharge their responsibilities consistent  
12 with the Uniform Prudent Investor Act of 1994. Board  
13 members shall exercise their fiduciary duties with judgment  
14 and care under the circumstances then prevailing that an  
15 institutional investor of ordinary prudence, discretion and  
16 intelligence exercises in the designation and management of  
17 large investments entrusted to it, not in regard to speculation,  
18 but in regard to the permanent disposition of funds,  
19 considering preservation of the purchasing power of the Trust  
20 over time while maximizing the expected total return from both  
21 income and the appreciation of capital.  
22

23 5. The board shall maintain an investment policy which  
24 constitutes the board's overall investment philosophy, as well  
25 as other related policies as necessary for the effective  
26 management and investment of the assets of the Trust.  
27

28 6. At such time as the board deems the magnitude and  
29 complexity of the Trust's investment portfolio to warrant  
30 additional internal or external staff resources or expertise, the  
31 board shall work with the Chief Fiscal Officer to obtain such  
32 staff or expertise.

- 33 a. The board's oversight and management of staff shall  
34 be consistent with existing guidance in AMC 3.30 and  
35 Personnel Rules, as applicable.  
36 b. The board is authorized to assume a primary role in the  
37 hiring, supervising, and termination of any such newly  
38 added ongoing internal or contracted personnel  
39 resource.  
40 c. Should the board retain its own investment staff, the  
41 board will be responsible for management and  
42 oversight of the responsibilities related to personnel,  
43 compensation, succession planning, and development  
44 for all investment staff.  
45 d. The board may delegate responsibilities to investment  
46 staff they directly hire as permitted by governance  
47 documents.  
48

49 7. The board shall establish written governance policies and  
50 board standards as it deems necessary to ensure effective

1 operation of the affairs of the board, in accordance with AMC  
2 4.05.120, including but not limited to consideration of subject  
3 areas such as potential board member fiduciary directors and  
4 officers insurance, financial disclosure practices, report filing  
5 expectations regarding potential economic interest conflicts  
6 per AMC 1.15.100, potential periodic financial industry  
7 background checks for all board members (e.g., FINRA, SEC,  
8 and other financial industry regulatory bodies responsible for  
9 disciplinary actions) or expectation of self-disclosure of  
10 negative regulatory action taken against board member.

11  
12 8. The board shall proactively create and maintain formal  
13 succession and continuity plans to ensure board membership,  
14 Trust manager and other municipal personnel resources are  
15 sufficient to maintain proper levels of oversight and support for  
16 the Trust.

17  
18 9. The board shall monitor and evaluate changes in legislation  
19 and regulations in consultation with the municipal attorney or  
20 the Trust's investment consultant to ensure compliance with  
21 all applicable laws and regulations.

22  
23 10. Notwithstanding any other provision of the Municipal Code,  
24 except for limitations imposed in AMC Title 7 and C.3. in this  
25 section, the board, in consultation with the Trust's investment  
26 consultant and Trust manager, shall have the authority to  
27 acquire, retain and compensate various third party  
28 professional services including but not limited to custodian  
29 bank, investment manager, specialized legal and accounting  
30 services, and other technical or professional staff as may be  
31 necessary to fulfill the board's fiduciary responsibilities.

32  
33 11. Four members of the board shall constitute a quorum for the  
34 transaction of business and shall have full power to act under  
35 the terms of section 6.50.060.

36  
37 12. The Chief Fiscal Officer as an ex officio board member shall  
38 have the following role and responsibilities:

- 39  
40 a. Ensure that appropriate financial, operational, and  
41 internal controls and procedures including relevant  
42 Charter, Code and Finance Department Policies and  
43 Procedures are in place to safeguard the assets of the  
44 Trust;  
45 b. Provide staff to the board; and  
46 c. Monitor the Trust Manager's execution of board  
47 approved actions affecting the Trust.

48  
49 13. In the absence of specific policies or procedures adopted by  
50 the board, or specifically delineated sections of municipal

code tailored to the board, existing municipal code, policies and procedures will be utilized as default.

D. *Board operation and communication.*

1. The board shall meet no less than quarterly and all meetings shall be publicly noticed pursuant to AMC 1.25.015 and 4.05 except as follows:
  - a. Regular meetings shall be announced a minimum of 7 days prior to the meeting using one or more of the methods described in the definition of the term "Announcement" in section 1.25.005.
  - b. Special or emergency meetings shall be announced a minimum of 24 hours prior to the meeting using one or more of the methods described in the definition of the term "Announcement" in section 1.25.005.
2. The board chair shall be selected by an affirmative majority vote of seated board members. The Chief Fiscal Officer ex-officio seat is ineligible to serve as chair.
3. Board chair role and duties:
  - a. Serve as presiding officer at board meetings.
  - b. Coordinate board meetings, agendas, schedules and presentations in consultation with the Trust manager cited in AMC 6.50.060.
  - c. Timely review past meeting minutes and present for approval to the full board.
  - d. Facilitate effective and open communications between board and Trust manager, along with maintaining effective relationships with external stakeholders and service providers.
  - e. Review and approve travel and other expense reimbursement for board members.
  - f. Co-serve as official spokesperson, along with Trust Manager, for matters concerning the Trust.
  - g. Ensure that the board meets its obligations and fulfills its governance and fiduciary responsibilities by coordinating with Trust manager to propose for board approval a set of board standards, including a code of conduct, acknowledgement of governing laws and rules, adhering to confidentiality and ethics rules and actions to be taken to rectify potential breach of standards.
  - h. Review and assess the performance of the board and the adequacy of governance documents annually and recommend proposed changes to approval by the board.
  - i. Provide feedback to Chief Fiscal Officer on performance of Trust manager and supporting staff.

- 1 j. Carry out any other duties and responsibilities as  
2 assigned by the board.  
3

4 E. *Monitoring, reporting and annual expense appropriation.*  
5

- 6 1. The board shall establish a policy which sets out its  
7 requirements regarding the reports the board will receive on a  
8 regular basis in order to meet its responsibility for the  
9 oversight and management of the Trust.  
10  
11 2. The board will review on a regular basis, without limitation, the  
12 following:  
13 a. The investment performance of the Trust and each  
14 asset class, including the costs of managing the Trust.  
15 b. The asset allocation and investment risk of the Trust;  
16 and  
17 c. The compliance program of the Trust and Trust  
18 manager in relation to applicable laws and regulations,  
19 as well as all policies, procedures and bylaws  
20 established by the board.  
21  
22 3. The board will coordinate with the Trust manager to review  
23 and approve content to be regularly posted and kept updated  
24 on the Trust's dedicated public webpage. Current sitting  
25 board member names shall be posted to the Trust's webpage.  
26  
27 4. No later than six months after calendar year end, the board  
28 shall provide an annual report addressed jointly to the mayor  
29 and municipal assembly which summarizes major  
30 performance and operational highlights of the Trust during the  
31 preceding calendar year, as well as commentary on market  
32 conditions and potential significant initiatives for the Trust in  
33 the coming year.  
34  
35 5. No later than four months after calendar year end, the board  
36 shall submit a not-to-exceed annual appropriation resolution  
37 document to the Assembly. The accompanying memorandum  
38 shall include an estimated breakdown of the anticipated  
39 payments and expenses necessary to manage the Trust  
40 during the year; the breakdown will include an estimate of  
41 anticipated board stipend payments, other board meeting  
42 costs, educational training and due diligence travel and per  
43 diem costs tied to fiduciary duty, third party service provider  
44 fees, possible fiduciary directors and officers insurance costs,  
45 intergovernmental charges, and other significant cost  
46 categories.  
47

48 F. *Board member liability.*  
49

- 50 1. No board member shall have any personal liability for any



1 action taken in good faith within scope of their fiduciary duties.

2  
3 2. Municipal defense and indemnification provided to board  
4 members operating within scope of their fiduciary duties are  
5 determined by the municipal attorney according to provisions  
6 cited in AMC 1.50.

7  
8 3. No board member shall be responsible at his or her own  
9 expense, to take legal action to correct the misconduct of any  
10 other member of the board. A board member shall have an  
11 affirmative obligation, however, to publicly reveal any  
12 misfeasance, malfeasance or nonfeasance by a co-board  
13 member, and upon making such revelation in a public  
14 meeting, shall be relieved from further responsibility of the  
15 actions of the co-board member.

16  
17 G. The sunset provisions in AMC 4.05.150 shall not apply to this board.

18  
19 H. The board shall be governed by and operate in accordance with the  
20 provisions of AMC 4.05 generally except where that chapter conflicts with  
21 this section.

22  
23 **Section 3.** Anchorage Municipal Code section 1.35.010, Principal executive  
24 personnel, boards and commissions, is hereby amended to read as follows (*the*  
25 *remainder of the section is not affected and therefore not set out*):

26  
27 **1.35.010 – Principal executive personnel, boards and commissions.**

28  
29 \*\*\* \*\*

30  
31 B. *Principal executive personnel and members of boards and*  
32 *commissions who shall take the oath of office.* The following officials  
33 and municipal executives shall take and subscribe to the oath of  
34 office:

35  
36 4. Members of regulatory and adjudicatory boards and  
37 commissions as set forth in AMC 4.40, including:

38  
39 \*\*\* \*\*

40  
41 q. MOA Trust Fund board of trustees.

42  
43  
44 \*\*\* \*\*

45  
46 (AO No. 2000-131, § 1, 9-12-00; AO No. 2002-69, § 1, 5-14-02; AO No.  
47 2018-24, § 1, 4-10-18; AO No. 2021-114, § 1, 1-31-22; AO No. 2022-40(S)  
48 , § 1, 3-22-22)

49  
50 **Section 4.** Anchorage Municipal Code chapter 6.50, Chief Fiscal Officer, is

1 hereby amended to read as follows (*the remainder of the chapter is not affected*  
2 *and therefore not set out*):  
3

4 **Chapter 6.50 CHIEF FISCAL OFFICER**

5  
6 **6.50.010 Chief Fiscal Officer[FISCAL OFFICER].**

7  
8 A. The Chief Fiscal Officer[CHIEF FISCAL OFFICER] is responsible for  
9 the administration of the provisions of this title, except where  
10 otherwise provided. In addition to the other duties set forth in this  
11 title, the Chief Fiscal Officer[CHIEF FISCAL OFFICER] shall:  
12

- 13 1. [A.] Supervise the employees of the department of finance;  
14  
15 2. [B.] Administer the financial affairs of the municipality, including  
16 the keeping of itemized accounts of money received and  
17 disbursed and payment of money on vouchers drawn against  
18 appropriations, and supervise the tax assessment function of  
19 the government;  
20  
21 3. [C.] Directly supervise the keeping of the general accounts of the  
22 municipality;  
23  
24 4. [D.] Review and approve in writing all accounting forms, books  
25 and blanks in use and any changes to or introduction of forms;  
26  
27 5. [E.] Be custodian of all municipal funds, checks, vouchers and  
28 other documents relating to the municipal expenditures,  
29 franchises, rents and special privileges, contracts, leases and  
30 agreements, copies of which shall be furnished by the  
31 municipal clerk;  
32  
33 6. [F.] Be responsible for the [HANDLE DEBT] administration and  
34 management of the municipality's debt and the investment of  
35 municipal funds, not otherwise delegated in Anchorage  
36 Municipal Code; and  
37  
38 7. [G.] Advise the mayor and the Assembly[ASSEMBLY] on fiscal  
39 policy.  
40

41 B. In the absence of written delegation of authority by the Chief Fiscal  
42 Officer, t[T]he controller is authorized to perform the duties of the  
43 Chief Fiscal Officer[CHIEF FISCAL OFFICER] in the absence or  
44 disability of the Chief Fiscal Officer[CHIEF FISCAL OFFICER].  
45

46 (GAAB 9.20.020; AO No. 21-76; AO No. 94-147, § 1, 8-23-94)  
47

48 **6.50.020 Issuance of Regulations[REGULATIONS].**  
49

1 The Chief Fiscal Officer[CHIEF FISCAL OFFICER] may issue regulations in  
2 accordance with the Administrative Procedures Act to implement the  
3 provisions of this title.

4  
5 (AO No. 1976-248(A))  
6

7 **6.50.030 Investment Guidelines[GUIDELINES] for Municipal Funds.**

8  
9 A. *Definitions.* For the purposes of this section, the following definitions  
10 shall apply:  
11

12 *Asset Backed Commercial Paper (ABCP)* means a short-term  
13 investment vehicle with a maturity that is typically between 30 and 270  
14 days. The security itself is typically issued by a bank or other financial  
15 institution. Unlike commercial paper, the notes are backed by physical  
16 assets such as trade receivables, and are generally used for short-term  
17 financing needs.

18 *Bank* means a state or federally chartered commercial or mutual  
19 bank, savings and loan association or credit union located in the United  
20 States and having insurance of accounts through the appropriate federal  
21 insuring agency of the United States.

22 *Broker/Dealer* means a qualified institution including depository  
23 banks, any Federal Reserve Bank, government securities dealers, or broker  
24 dealer registered in compliance with the Securities Exchange Act of 1934.

25 *Certificate of deposit* means a nonnegotiable certificate of deposit or  
26 other depository agreement issued or to be issued to the Municipality by a  
27 Bank.

28 *Code or AMC* means Anchorage Municipal Code.

29 *Collateralized Debt Obligation (CDO)* means an investment-grade  
30 security backed by a pool of bonds, loans and other assets. CDOs do not  
31 specialize in one type of debt but are often non-mortgage loans or bonds.  
32 Similar in structure to a collateralized mortgage obligation (CMO) or  
33 collateralized bond obligation (CBO), CDOs are unique in that they  
34 represent different types of debt and credit risk. In the case of CDOs, these  
35 different types of debt are often referred to as 'tranches' or "slices." Each  
36 slice has a different maturity and risk associated with it. The higher the risk,  
37 the more the CDO pays.

38 *Commodities* means bulk goods such as grains, metals, and foods  
39 traded on a commodities exchange or on the spot market.

40 *Contingency Reserve Portfolio* means that portion of the Portfolio  
41 used as a defensive fixed income portfolio, with an average duration within  
42 half a year of its benchmark. The Contingency Reserve Portf[ol]io is  
43 intended as a buffer between the Working Capital Portfolio and the  
44 Strategic Reserve Portfolio. The objective of this fixed income portfolio is to  
45 provide a high level of current income consistent with low volatility of  
46 principal. The Contingency Reserve Portfolio is not designed to provide  
47 daily liquidity yet seeks higher returns with some preservation of principal  
48 by employing a broader range of sectors and tactically managing duration.

49 *Derivatives* means a security whose price is dependent upon or  
50 derived from one or more underlying assets. The derivative itself is a

1 contract between two or more parties. Its value is determined by  
2 fluctuations in the underlying asset. The most common underlying assets  
3 include, but are not limited to, stocks, bonds, commodities, currencies,  
4 interest rates and market indexes. Most derivatives are characterized by  
5 high leverage. Futures contracts, forward contracts, options and swaps are  
6 the most common types of derivatives. Derivatives are contracts and can be  
7 used as an underlying asset. Derivatives are generally used as an  
8 instrument to hedge risk, but can also be used for speculative purposes.

9 *Equity Investments* means investments in foreign or domestic stocks  
10 or mutual funds that have investments in foreign or domestic stocks.

11 *FDIC* means the Federal Deposit Insurance Corporation.

12 *FHLMC* or *Freddie Mac* means Federal Home Loan Mortgage  
13 Corporation.

14 *Fitch* means Fitch Ratings, Inc., a nationally recognized statistical  
15 rating organization (NRSRO).

16 *FNMA* or *Fannie Mae* means Federal National Mortgage  
17 Association.

18 *Forward Contract* means a cash market transaction in which delivery  
19 of the commodity is deferred until after the contract has been made.

20 Although the delivery is made in the future, the price is determined on the  
21 initial trade date. (Most forward contracts do not [DON'T] have standards  
22 and are not [AREN'T] traded on exchanges. A farmer would use a forward  
23 contract to "lock-in" a price for his grain for the upcoming fall harvest.)

24 *Futures Contract* or *Futures* means a contractual agreement,  
25 generally made on the trading floor of a futures exchange, to buy or sell a  
26 particular commodity or financial instrument at a pre-determined price in the  
27 future. Futures contracts detail the quality and quality of the underlying  
28 asset; they are standardized to facilitate trading on a futures exchange.  
29 Some futures contracts may call for physical delivery of the asset, while  
30 others are settled in cash.

31 *GNMA* or *Ginnie Mae* means Government National Mortgage  
32 Association.

33 *IBRD* means the International Bank for Reconstruction and  
34 Development.

35 *Index Fund* means a type of mutual fund with a portfolio constructed  
36 to match or track the components of a market index, such as the Standard  
37 & Poor's 500 Index (S&P 500). An index mutual fund is said to provide  
38 broad market exposure, low operating expenses and low portfolio turnover.

39 *Interfund loan* means a loan from a MCP to a Municipal Fund  
40 extending outside a fiscal year.

41 *Moody's* means Moody's Investors Service, Inc., a nationally  
42 recognized statistical rating organization (NRSRO).

43 *Municipal Cash Pool or MCP* means that portion of the Portfolio that  
44 is invested by external managers and represents the Duration/Risk Portfolio  
45 investment objective of this part of the Code.

46 *Mutual Fund* means a diversified mutual fund, including index funds,  
47 registered under the Securities Act of 1933 and Investment Company Act of  
48 1940.

49 *NRSRO* means a nationally recognized statistical rating organization.

1                    *Non-Dollar Denominated Securities* means a financial instrument  
2 that has its face value denominated in a currency other than the U.S. dollar.

3                    *Operating Policy & Procedures* means the Municipality's Policy &  
4 Procedures established and related to investments.

5                    *Options* means a contract between a buyer and a seller that gives  
6 the buyer the right—but not the obligation—to buy or to sell a particular  
7 asset (the underlying asset) at a later day at an agreed price. In return for  
8 granting the option, the seller collects a payment (the premium) from the  
9 buyer.

10                   *Portfolio* means aggregate balance of all Municipal funds currently  
11 under investment. It excludes real estate owned by the Municipality,  
12 including real estate owned by the Heritage Land Bank and any component  
13 unit of the Municipality. Portfolio excludes debt proceeds in escrow for  
14 defeased debt. Portfolio excludes assets invested within the MOA Trust  
15 Fund, the Police and Fire Pension, the Municipal Prefunding Trust, and the  
16 Police and Fire Medical Trust.

17                   *Portfolio Benchmark* means a blended benchmark consisting of the  
18 individual portfolios respective benchmarks, weighted at their beginning-of-  
19 period market values throughout budgetary and economic cycles, taking  
20 into account the Municipality's investment risk constraints and the cash flow  
21 characteristics of the Portfolio.

22                   *Rated Bank* means:

- 23                   1. A bank whose short term debt issues are rated at least A-1 or  
24 P-1 or F-1, or whose long term debt issues are rated at least  
25 A by S&P [STANDARD AND POOR'S (S&P)],  
26 Moody's[MOODY'S INVESTORS SERVICE (MOODY'S)], or  
27 Fitch [FITCH RATINGS (FITCH)] or the equivalent by a  
28 nationally recognized statistical rating organization [  
29 SERVICE]; or
- 30                   2. A bank whose letters of credit secure third-party debt issues  
31 rated at least A by S&P or its equivalent by a nationally  
32 recognized statistical rating organization [ SERVICE]; or
- 33                   3. A bank which is a subsidiary of a one-bank holding company,  
34 all of whose commercial paper is rated at least "A-1" by S&P  
35 or "P-1" by Moody's or "F-1" by Fitch or the equivalent by a  
36 nationally recognized statistical rating organization [  
37 SERVICE].

38                   *Real Estate Investments* means land and all physical property  
39 associated with it. This includes all investments that have an interest in land  
40 ownership including real estate investment trusts.

41                   S&P Global or S&P means S&P Global, a nationally recognized  
42 statistical rating organization (NRSRO).

43                   *Securities* means any authorized investment listed in subsection D.

44                   *Securities Lending* means an investment strategy in which investors  
45 make short-term loans of their securities to generate incremental revenues  
46 from their portfolios. Loans are typically collateralized by at least 102  
47 percent with cash or government backed securities.

48                   *Short Sales or Selling Short* means the sale of a security or contract  
49 related to a security not owned by the seller. Selling Short is a technique  
50 used to take advantage of an anticipated price decline in the security.

1                    *Split Rated or Split Rating* means when a debt security or a debt  
2 issuer has ratings from two or more NRSROs [NATIONALLY  
3 RECOGNIZED RATING AGENCIES] that are different. In this situation, the  
4 lowest rating applies for the purposes of this section of the Anchorage  
5 Municipal Code when determining if an investment is an Authorized  
6 Investment.

7                    *Strategic Reserve Portfolio* means that portion of the Portfolio that is  
8 analogous to an intermediate fixed income portfolio, managed with a  
9 maximum duration no greater than one-year in excess of its benchmark.  
10 The Strategic Reserve Portfolio is intended for residual cash balances for  
11 which the Municipality does not foresee utilizing over a rolling three-year  
12 forecast period. The objective of the Strategic Reserve Portfolio is to  
13 generate excess return through effective sector selection, issue selection,  
14 and duration management.

15                    *Structured Investment Vehicles (SIVs)* means a special kind of  
16 conduit or a special purpose vehicle or entity that is bankruptcy remote,  
17 which means that it is a separate business entity and is not rolled up into  
18 the sponsoring company's balance sheet. It is a type of structured vehicle  
19 that issues ABCP. Many SIVs are administered by large commercial banks  
20 or other asset managers such as investment banks or hedge funds. They  
21 issue ABCP as a way to fund purchases of investment grade securities and  
22 also to earn the spread based on the term to maturity differential. They  
23 usually invest the majority of their portfolios in "AAA" and "AA" assets,  
24 which include an allocation to residential mortgage-backed securities. In  
25 contrast to a multi-seller or securities arbitrage conduit, a SIV does not  
26 employ credit enhancement, and the underlying SIV assets are marked to  
27 market at least weekly.

28                    *Swap* means a derivative in which two counterparties agree to  
29 exchange one stream of cash flow against another stream. These streams  
30 are called the legs of the swap. The cash flows are calculated over a  
31 notional principal amount, which is usually not exchanged between  
32 counterparties. Consequently, swaps can be used to create unfunded  
33 exposures to an underlying asset, since counterparties can earn the profit  
34 or loss from movements in price without having to post the notional amount  
35 in cash or collateral. Swaps can be used to hedge certain risks such as  
36 interest rate risk, or to speculate on changes in the expected direction of  
37 underlying prices.

38                    *TBA* means a term used to describe a forward mortgage-backed  
39 securities trade. Pass-through securities issued by Freddie Mac, Fannie  
40 Mae and Ginnie Mae trade in the TBA market. The term TBA is derived  
41 from the fact that the actual mortgage-backed security that will be delivered  
42 to fulfill a TBA trade is not designated at the time the trade is made. The  
43 securities are "to be announced" 48 hours prior to the established trade  
44 settlement date. The settlement procedures of mortgage-backed securities  
45 TBA trades are established by the Bond Market Association.

46                    *Variable Rate Demand Obligation (VRDO)* means a debt security  
47 which bears interest at a floating (variable) rate adjusted at specified  
48 intervals (such as daily, weekly, or monthly) and can be redeemed at its  
49 holder's option when the rate changes. Also known as a low floater, variable  
50 rate demand note, or variable rate demand bond.

1                    *Working Capital Portfolio* means that portion of the Portfolio  
2 managed for very short-term liquidity, typically with a duration band of zero  
3 to 270 days. The Working Capital Portfolio is intended to provide for same-  
4 day liquidity for working capital management. In addition to providing  
5 liquidity, the objective of the Working Capital Portfolio is to preserve  
6 principal and generate current income by investing in a portfolio of high-  
7 quality, short-term instruments.  
8

9                    B.        *Management of Municipal Funds.*

- 10
- 11                    1.        It is the policy of the Municipality to invest public funds in a  
12 manner that provides the highest investment return consistent  
13 with preservation of capital while meeting the daily cash flow  
14 demands of the Municipality.
- 15
- 16                    2.        Investment decisions shall be guided by this section, and the  
17 Operating Policy & Procedures for investment of municipal  
18 funds [MUNICIPAL FUNDS], as modified from time to time by  
19 the Chief Fiscal Officer.
- 20
- 21                    3.        The Chief Fiscal Officer shall obtain the services of [SUCH]  
22 investment advisors [MANAGERS, ADVISORS,  
23 CUSTODIANS] and other professionals as are reasonably  
24 prudent and necessary to manage and invest all municipal  
25 funds [MUNICIPAL FUNDS].
- 26
- 27                    4.        The Chief Fiscal Officer shall be responsible for the [SOLICIT  
28 INPUT FROM THE INVESTMENT ADVISORY COMMISSION  
29 MEMBERS PRIOR TO THE FINAL] selection of any  
30 investment advisors or other professionals [SERVICE  
31 PROVIDERS] for the Portfolio.
- 32                    a.        [FOR AN I] Investment advisors [MANAGER,  
33 ADVISOR, CUSTODIAN] or other professionals  
34 contracted under the provisions of this section,  
35 Assembly [ASSEMBLY] approval is not required;
- 36                    b.        The Chief Fiscal Officer shall report within 90 days to  
37 the Assembly, by Assembly Informational  
38 Memorandum, on contracts entered into pursuant to  
39 the provisions of this section including, but not limited  
40 to, the duties of be performed by the contractor and the  
41 compensation paid[.]; and
- 42                    c.        The Chief Fiscal Officer shall, at all times, employ the  
43 services of an independent investment advisor for the  
44 purposes of providing independent investment advice  
45 and guidance for the management of the MCP and the  
46 internally managed investment portfolio.
- 47
- 48                    5.        Restricted funds, whether subject to unrealized gains or  
49 losses or realized gains or losses, shall be deposited into  
50 separate and restricted alternative investments, bank

1 accounts or other accounts which may be interest bearing and  
2 held by financial institutions for the benefit of the municipality,  
3 with all revenues and expenses associated with such funds  
4 allocated to such investments or accounts. Restricted funds  
5 may be com[-]mingled with other similarly restricted funds  
6 within the discretion of the Chief Fiscal Officer.

7  
8 C. *Investment Objective.* The primary objectives, in priority order, of the  
9 Municipality's investment activities shall be:

- 10  
11 1. *Safety.* Safety of principal is the foremost objective of the  
12 investment program. Investments of the Municipality shall be  
13 undertaken in a manner seeking to ensure the preservation of  
14 capital in the overall Portfolio. To attain this objective,  
15 diversification is required to reduce overall Portfolio risk while  
16 attaining market rates of return.
- 17  
18 2. *Liquidity.* The Municipality's investment Portfolio shall remain  
19 sufficiently liquid to enable the Municipality to meet all  
20 reasonably anticipated operating requirements.
- 21  
22 3. *Return on Investment.* The Municipality's investment Portfolio  
23 shall be designed with the objective of outperforming the total  
24 Portfolio Benchmark.
- 25  
26 4. *Duration/Risk Portfolio.* The Municipality's MCP  
27 [INVESTMENT PORTFOLIO] shall be structured into three  
28 duration portfolios, each designed to fulfill a specific liquidity  
29 requirement and together shall comprise the MCP. The  
30 balance of each portfolio of the MCP shall be determined by  
31 the Chief Fiscal Officer and shall be based upon the liquidity  
32 requirements of the Municipality as determined by a forecast  
33 of municipal use of funds and required liquidity. The Chief  
34 Fiscal Officer shall evaluate the liquidity requirements of the  
35 MCP and rebalance the three portfolios appropriately on at  
36 least an annual basis. [ ALLOCATIONS INTO EACH  
37 PORTFOLIO SHALL CONSIST OF AN ABSOLUTE VALUE  
38 DERIVED FROM A ROLLING THREE-YEAR FORECAST,  
39 RE-EVALUATED ON AN ANNUAL BASIS.]

40  
41 D. *Authorized Investments.* In order to provide maximum security for the  
42 investment of public funds and to provide the greatest interest  
43 revenue consistent with safety, only the following investments of the  
44 Municipality's funds are authorized (where the issue or issuer is Split  
45 Rated, the lower of the ratings shall apply):

- 46  
47 1. Obligations issued or guaranteed by the U.S. government,  
48 U.S. agencies or U.S. government-sponsored corporations  
49 and agencies.
- 50



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2. Corporate Debt Securities that are guaranteed by the U.S. government or the FDIC as to principal and interest.
3. Taxable and tax-exempt municipal securities having a long-term rating of at least A- by a NRSRO [NATIONALLY RECOGNIZED RATING AGENCY] or a taxable or tax-exempt municipal security having a short-term rating of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch.
4. IBRD Debt Securities issued and guaranteed by the IBRD and rated AAA by a nationally recognized statistical rating organization [AGENCY].
5. Commercial paper rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch.
6. Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (with maturities of not more than 365 days), and deposits with any Bank, the short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and is either:
  - a. Incorporated under the laws of the United States of America, or any state thereof, and subject to supervision and examination by federal or state banking authorities; or
  - b. Issued through a foreign bank with a branch or agency licensed under the laws of the United States of America, or any state thereof, or under the laws of a country with a Moody's sovereign rating for bank deposits of "Aaa", or an S&P sovereign rating of "AAA", or a Fitch national rating of "AAA", and subject to supervision and examination by federal or state banking authorities.
7. Repurchase agreements secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies.
8. Dollar denominated corporate debt instruments rated BBB- or better by S&P[S RATING SERVICE] (investment grade) or the equivalent by another nationally recognized statistical rating organization [AGENCY].
9. Dollar denominated corporate debt instruments, rated below BBB- by S&P[S RATING SERVICE] or the equivalent by another NRSRO [NATIONALLY RECOGNIZED RATING AGENCY], including emerging markets.
10. Dollar denominated debt instruments of foreign governments rated BBB- or better by S&P [S RATING SERVICE] or the

1 equivalent by another nationally recognized statistical rating  
2 organization [AGENCY].  
3

4 11. Asset Backed Securities (ABS), other than commercial paper,  
5 collateralized by: credit cards, automobile loans, leases and  
6 other receivables which must have a credit rating of AA- or  
7 above by S&P[S RATING SERVICE] or the equivalent by  
8 another nationally recognized statistical rating organization  
9 [AGENCY].  
10

11 12. Mortgage Backed Securities, including generic mortgage-  
12 backed pass-through securities issued by GNMA, FHLMC,  
13 FNMA, Non-agency mortgage-backed securities,  
14 Collateralized Mortgage Obligations (CMOs), or Commercial  
15 mortgage-backed securities (CMBS), which must have a  
16 credit rating of AA- or better by S&P[S RATING SERVICE] or  
17 the equivalent by another nationally recognized statistical  
18 rating organization [AGENCY].  
19

20 13. Debt issued by the Tennessee Valley Authority.  
21

22 14. Money Market Mutual Funds rated "Am" or better by S&P  
23 [STANDARD & POOR'S RATING SERVICE], or the  
24 equivalent by another nationally recognized statistical rating  
25 organization [AGENCY], and consisting of any or all of the  
26 securities authorized for investment in this section of the  
27 Code.  
28

29 15. Alaska Municipal League Investment Pool (AMLIP), consistent  
30 with all other provisions of this section of the Code.  
31

32 16. Mutual Fund Investments so long as the overall nature of the  
33 fund is generally consistent with this section of the Code.  
34

35 17. Interfund Loans from the [a] Municipal Cash Pool to a  
36 Municipal Fund.  
37

38 E. *Prohibited Investments.* Prohibited Investments for the Portfolio are  
39 those not listed under Authorized Investments and specifically  
40 include Equity Investments. Prohibited Investments also include the  
41 sale or purchase of futures or option contracts for any security. Other  
42 Prohibited Investments include:  
43

44 1. SIVs;

45 2. ABCP;

46 3. The selling short of any security;

47 4. Non-[ ]dollar denominated securities;  
48  
49  
50

- 1
- 2 5. Commodities; and
- 3
- 4 6. Real estate investments.
- 5

6 F. *Use of Derivatives.* Derivatives shall not be used as an investment in  
7 the Portfolio with the exception of:

- 8
- 9 1. TBAs; and
- 10
- 11 2. Derivative securities of which the ultimate payment of principal  
12 and or interest on the security is guaranteed by the U.S.  
13 government or an agency of the U.S. government.
- 14

15 G. *Securities Lending.* This type of program is permissible only if  
16 recommended by the Chief Fiscal Officer and the Municipality's  
17 independent investment advisor and approved by the Municipal  
18 Assembly.

19

20 H. *Reporting.* The Chief Fiscal Officer shall submit to the Assembly on  
21 a quarterly [ANNUAL ] basis reports addressing MCP  
22 [PORTFOLIO] performance and compliance. The quarterly  
23 [ANNUAL] report shall also address the use of investment advisors  
24 and other professionals [CONSULTANTS AND EXTERNAL MONEY  
25 MANAGERS], the use of derivatives and[,] securities lending  
26 activities[AND BANK LINES OF CREDIT]. The quarterly report shall  
27 also include compliance with the requirements regarding MCP  
28 [PORTFOLIO] diversification, maximum holdings by type of  
29 authorized investment, and MCP [PORTFOLIO] performance  
30 compared with MCP [PORTFOLIO] benchmarks.

31

32 (AO No. 82-200(S); AO No. 97-60, § 1, 7-22-97; AO No. 2006-145, § 1, 10-  
33 31-06; AO No. 2009-80, §§ 1, 2, 7-21-09; AO No. 2013-70, § 1, 6-4-13)

34

35 \*\*\* \*\*

36

37 **6.50.060 MOA Trust Fund.**

38

39 A. *Definitions.* In this section, unless the context clearly indicates  
40 otherwise:

41

42 *Annual earnings* means the amount of interest, dividends, and  
43 realized gains and losses from investment activities at the end of each fiscal  
44 year.

45 *Annual dividend* means the amount annually appropriated by the  
46 assembly from the [MOA] Trust [FUND] and distributed with concurrence  
47 from the board [TO MOA TO REPLACE THE ATU DIVIDEND]. The annual  
48 dividend is subject to the controlled spending policy and shall be paid no  
49 later than 15 days prior to the end of the fiscal year in which the dividend is  
50 appropriated.

1  
2           *Average asset balance* means the market value of [THE] Trust  
3 [POOLED TRUSTS'] assets, including accrued investment interest and  
4 dividends, averaged according to the following specified terms:

5           2020 annual dividend payment to be based on the average asset  
6 balance associated with the audited December 31, 2019 market value and  
7 the initial month end market value associated with the ML&P sale closing  
8 date, using the full amount of anticipated net ML&P sale proceeds, as  
9 assigned to the [MOA] Trust [FUND] in accordance with ML&P sale closing  
10 documents.

11           2021 annual dividend payment to be based on the average asset  
12 balance associated with the trailing two consecutive quarters ending March  
13 31, 2021.

14           2022 annual dividend payment to be based on the average asset  
15 balance associated with the trailing six consecutive quarters ending March  
16 31, 2022.

17           2023 annual dividend payment to be based on the average asset  
18 balance associated with the trailing ten consecutive quarters ending March  
19 31, 2023.

20           2024 annual dividend payment to be based on the average asset  
21 balance associated with the trailing 14 consecutive quarters ending March  
22 31, 2024.

23           2025 annual dividend payment to be based on the average asset  
24 balance associated with the trailing 18 consecutive quarters ending March  
25 31, 2025.

26           2026 and later years' annual dividend payment to be based on the  
27 average asset balance associated with the trailing 20 consecutive quarters  
28 ending March 31 of each fiscal year.

29           *Board* means Board of Trustees as defined in AMC 4.40.170.

30           *CFO* means Chief Fiscal Officer per AMC 6.50 who has a specific  
31 board role as outlined in AMC 4.40.170, manages finance department  
32 resources and performs oversight of the Trust manager for all work related  
33 to managing and overseeing the Trust.

34           *Corpus of the [MOA] Trust [FUND] (or corpus)* means:

- 35           1. The aggregate of the following proceeds previously deposited  
36 by the assembly:  
37           a. Proceeds from the sale of ATU after retirement of ATU  
38 debt;  
39           b. Proceeds allocated from the police and fire retirement  
40 system settlement; and  
41           c. Proceeds from the sale of ML&P determined in  
42 accordance with Anchorage Charter Section 13.11(a).

43 Plus:

- 44           2. Increases from:  
45           a. Inflation-proofing from available annual earnings in  
46 calendar years 1999 and 2000;  
47           b. Residual market value appreciation remaining after  
48 paying the annual dividend each fiscal year beginning  
49 2002, in accordance with the controlled spending  
50 policy; and

1 c. Any other amounts the assembly may add.  
2 Reduced by:  
3

4 3. Fund expenses.

5 *Endowment method* means a long-term investment strategy that  
6 promotes corpus growth by establishing a controlled spending policy,  
7 thereby requiring the annual dividend calculation to be tied to a rolling  
8 average asset balance of the Trust [POOLED TRUSTS] and providing for  
9 reinvestment of any net annual earnings remaining after the annual  
10 dividend is determined.

11 Finance department means all divisions of the finance department  
12 which report directly to the CFO (e.g., Treasury, Public Finance &  
13 Investment, and Controller).

14 *Fund expenses* means incurred expenses which are reasonably  
15 prudent and necessary to manage and invest the assets of the Trust  
16 [POOLED TRUSTS], including all fees charged by external service  
17 providers such as investment managers, advisors, custodians and other  
18 professionals, and also including any other expenses cited in AMC 4.40.170  
19 and MOA's internal direct and indirect expenses incurred in providing  
20 administrative and oversight services for the benefit of the Trust [POOLED  
21 TRUSTS]. Fund expenses are funded by annual earnings [AND ARE  
22 ALLOCATED TO THE POOLED TRUSTS ON A PRO-RATA BASIS].

23 *MOA* means Municipality of Anchorage.

24 [POOLED TRUSTS MEANS THE MOA TRUST FUND (FUND 730)  
25 AND MOA TRUST RESERVE (FUND 731) UNTIL SUCH TIME AS THE  
26 BALANCE OF THE MOA TRUST RESERVE IS ZERO.]

27 Trust means MOA Trust Fund.

28 Trust manager means the non-represented position held by the  
29 deputy municipal treasurer who reports directly to the CFO for all matters  
30 related to management and oversight of the Trust.

31  
32 B. *MOA Trust Fund established.* Pursuant to Charter § 13.11, there is  
33 hereby established the MOA Trust Fund [AS FUND 730] to be  
34 defined as an endowment fund with a controlled spending policy  
35 limiting dividend distributions and managed by the board in  
36 conjunction with the Trust manager [MUNICIPAL TREASURER].  
37

38 [C. *MOA TRUST RESERVE ESTABLISHED.* THERE IS HEREBY  
39 ESTABLISHED THE MOA TRUST RESERVE AS FUND 731 TO  
40 HOLD THE ATU REVENUE BOND RESERVE INVESTMENT AND  
41 ANY OTHER AMOUNTS THE ASSEMBLY MAY DEPOSIT, THE  
42 CORPUS OR EARNINGS OF WHICH MAY BE USED UPON  
43 APPROVAL OF THE ASSEMBLY TO (1) SUPPLEMENT THE MOA  
44 TRUST FUND ANNUAL DIVIDEND, (2) PROVIDE A REDUCTION  
45 IN PROPERTY TAXES, (3) RETIRE MUNICIPAL DEBT OR (4)  
46 CONTRIBUTE ADDITIONAL FUNDS INTO THE MOA TRUST  
47 FUND CORPUS.]  
48

49 C.[D.] *Controlled spending policy.* No more than four [FIVE] percent of the  
50 average asset balance may [WILL] be available for annual dividend

1 distribution in Year 2022[0] [ONLY AND THE MAXIMUM PAYOUT  
2 PERCENTAGE RATE SHALL BE REDUCED TO FOUR AND ONE-  
3 HALF PERCENT] and thereafter. The four [AND ONE-HALF] percent  
4 cap is tied to an endowment method whereby long-term capital  
5 market projections for average annual investment return over the  
6 next ten to twenty years are netted against projected inflation (e.g., if  
7 long-term capital market projections in a given year indicated a six  
8 [AND ONE-HALF] percent average annual investment return less  
9 two percent average annual inflation, this would lead to a projected  
10 "net" average annual rate of return of four [AND ONE-HALF]  
11 percent).

12  
13 D.[E.] Net annual earnings. Annual earnings are reported net of fund  
14 expenses. Net annual earnings remaining after paying the annual  
15 dividend each fiscal year are reinvested in the Trust [POOLED  
16 TRUSTS ON A PRO-RATA BASIS].

17  
18 E.[F.] Assembly appropriation. Subject to and in accordance with the  
19 controlled spending policy, the assembly may [SHALL] make an  
20 appropriation from the [MOA] Trust [FUND 730] on an annual basis  
21 to [(1) PROVIDE AN ANNUAL DIVIDEND FROM THE FUND TO  
22 REPLACE THE ATU DIVIDEND AND/OR (2)] reduce property taxes.

23  
24 F.[G.] Management of the Trust [POOLED FUNDS]. Pursuant to  
25 Anchorage Municipal Charter § 13.11 and AMC 4.40.170 [(C) AND  
26 SECTION 6.70.010], the Trust manager [MUNICIPAL  
27 TREASURER], under the direction of the board and supervision of  
28 the CFO [CHIEF FISCAL OFFICER], shall assume the following  
29 duties and responsibilities: [MANAGE THE POOLED TRUSTS IN  
30 ACCORDANCE WITH THE PROVISIONS OF THIS SECTION.]

- 31  
32 1. Serve as primary liaison for all parties associated with  
33 serving the purpose of managing the day-to-day operations  
34 of the Trust in accordance with direction and parameters  
35 established by the board.
- 36  
37 2. Establish and maintain communication with municipal  
38 departments and other agencies of government as necessary  
39 for the management of the Trust, and timely provide  
40 requested Trust financial information to the Controller Division  
41 and external auditors upon request.
- 42  
43 3. Monitor ongoing compliance to the Trust's current investment  
44 policy statement in terms of the proportion of total assets to be  
45 invested within a minimum-maximum range at any point in  
46 time.
- 47  
48 4. Procure supplies, equipment, board meeting items, and  
49 non-professional contracted services of direct benefit to the

1 Trust, consistent with authority and direction received from  
2 the board and adhering to municipal purchasing department  
3 Title 7 requirements for all such purchases and with respect  
4 to any disposal or surplus or excess municipally owned  
5 property.

6  
7 5. Periodically review and confer with the CFO regarding the  
8 Trust's internal controls and procedures to ensure that the  
9 operations of the Trust are performed in a secure and  
10 appropriate manner in accordance with municipal code and  
11 municipal policies.

12  
13 6. Direct and supervise the preparation of periodic (monthly,  
14 quarterly, and annual) investment status reports of the Trust  
15 in coordination with the Trust's investment consultant, asset  
16 managers, and custodian.

17  
18 7. Direct and supervise the conduct of all necessary due  
19 diligence that is appropriate in the search and selection of  
20 all service providers of the Trust.

21  
22 8. Negotiate and execute the terms and provisions of all  
23 agreements and contracts with the service providers of the  
24 Trust, including agreements and contracts directly sourced  
25 by the board in compliance with AMC 4.40.170C.3 and  
26 C.10.

27  
28 9. Develop and recommend to the board a monitoring and  
29 reporting policy which sets out the board's requirements  
30 regarding the reports it needs to receive on a regular basis  
31 in order to meet its responsibility for the oversight and  
32 management of the Trust.

33  
34 10. Monitor on an ongoing basis, without limitation, the  
35 following:

- 36  
37 a. The investment performance of the Trust, asset  
38 classes, and investment managers and portfolios,  
39 including the costs of managing the Trust;  
40 b. The asset allocation and investment risk of the Trust;  
41 and  
42 c. The compliance of the Trust with all applicable laws  
43 and regulations, as well as all policies, procedures  
44 and any bylaws established by the board.

45  
46 11. Communicate and recommend, as needed, to CFO changes  
47 or enhancement to the amount of finance department

1 resource needed, including pay and skill level, to properly  
2 support management and oversight of the Trust.

3  
4 12. The Trust manager shall develop and recommend to the  
5 board an annual expenditure appropriation for the Trust, and  
6 upon approval by the board the Trust Manager shall submit  
7 the appropriation to the Assembly via Resolution and  
8 supporting Memorandum.

9  
10 13. The Trust manager, with dual signature from the CFO or  
11 designee, shall have the authority to make all necessary  
12 operational expenditures of the Trust, consistent with  
13 monetary appropriations, policies, and internal controls  
14 established by the board.

15  
16 14. The Trust manager and CFO, jointly, shall have the  
17 authority to execute all formal documents and contracts on  
18 behalf of the Trust, consistent with board direction.

19  
20 15. Other duties as specified in AMC 4.40.170.

21  
22 [1. THE MUNICIPAL TREASURER SHALL HIRE THE  
23 SERVICES OF SUCH INVESTMENT MANAGERS,  
24 ADVISORS, CUSTODIANS AND OTHER PROFESSIONALS  
25 AS ARE REASONABLY PRUDENT AND NECESSARY TO  
26 MANAGE AND INVEST THE ASSETS OF THE POOLED  
27 TRUSTS.

28  
29 A. THE MUNICIPAL TREASURER MAY PROCURE  
30 SERVICES FROM MONEY MANAGER FIRMS,  
31 INCLUDING TRANSITION MANAGER FIRMS,  
32 THROUGH AN INVESTMENT CONSULTANT AS  
33 PROVIDED IN SUBSECTION 7.20.080A.4. THE  
34 INVESTMENT CONSULTANT SHALL BE SELECTED  
35 THROUGH A COMPETITIVE PROCESS. THE  
36 MUNICIPAL TREASURER SHALL COORDINATE  
37 WITH THE INVESTMENT CONSULTANT AND SHALL  
38 SOLICIT INPUT FROM INVESTMENT ADVISORY  
39 COMMISSION MEMBERS AND THE CHIEF FISCAL  
40 OFFICER PRIOR TO THE FINAL SELECTION OF A  
41 MONEY MANAGER. FOR A MONEY MANAGER  
42 FIRM CONTRACTED UNDER THE PROVISIONS OF  
43 THIS SECTION, ASSEMBLY APPROVAL SHALL NOT  
44 BE REQUIRED PROVIDED, HOWEVER, THE  
45 MUNICIPAL TREASURER SHALL REPORT TO THE  
46 ASSEMBLY ON A QUARTERLY BASIS, THROUGH  
47 AN ASSEMBLY MEMORANDUM, ON MONEY  
48 MANAGER CONTRACTS ENTERED INTO



PURSUANT TO THE PROVISIONS OF THIS SECTION INCLUDING, BUT NOT LIMITED TO, THE DUTIES TO BE PERFORMED BY THE CONTRACTOR AND THE COMPENSATION PAID. ALL MONEY MANAGER CONTRACTS ADOPTED IN ACCORDANCE WITH THIS SECTION SHALL BE APPROVED BY THE CHIEF FISCAL OFFICER PRIOR TO EXECUTION BY THE MUNICIPALITY.

2. THE ASSETS OF THE POOLED TRUSTS SHALL BE MANAGED AND INVESTED IN ACCORDANCE WITH SUBSECTIONS H. THRU J.]

G.[H.] *Investment objective[S]*. The investment objective[S] of the Trust is [POOLED TRUSTS ARE] to utilize a balanced investment approach, combined with a controlled spending policy, to preserve the purchasing power of the corpus and to maximize rates of return over time by investing in equity and fixed income instruments, real estate and alternative investments and strategies, within prudent levels of risk and consistent with established endowment investment practices.

1. An investment policy, consistent with this section, for the investment of the Trust [POOLED TRUSTS], shall be established and from time to time modified, as necessary.

H.[I.] *Authorized investments*. In addition to the investments authorized by section 6.50.030, but subject to the investment restriction of this section, the assets of the Trust [POOLED TRUSTS] may be invested in the following types of investments:

1. Publicly traded equity investments, including but not limited to preferred and common stock and investment company shares;
2. Debt instruments issued by the U.S. government, its agencies and instrumentalities, and debt instruments that have been issued by domestic and non-domestic entities, subject to investment grade and currency denomination restrictions cited in subsection J.2.;
3. Real estate investments in a diversified portfolio of institutional quality, predominantly income producing properties held in a collective investment vehicle which limits the Trust's [POOLED TRUSTS'] liability;
4. Alternative, basket clause investments utilizing special purpose investment vehicles, subject to restrictions cited in subsection J.4.;

- 1                   5.       Fixed income derivative instruments used in an unlevered  
2                   manner to implement portfolio strategies consistent with this  
3                   section;
- 4
- 5                   6.       Cash and cash equivalents including but not limited to  
6                   repurchase agreements, certificates of deposit and shares in  
7                   a money market or short-term investment fund that consist of  
8                   securities of the type and quality as those listed above;
- 9
- 10                  7.       Mutual funds or other interests in collective and commingled  
11                  investment vehicles that invest predominantly in investments  
12                  permitted in this section.
  - 13                  a.       Assets may be invested through a limited liability entity,  
14                  including a corporation, limited partnership, limited  
15                  liability partnership, or limited liability company, or  
16                  through a collective or commingled investment fund,  
17                  including a fund-of-funds.

18

19       I.[J.] *Investment restrictions.* Notwithstanding any other provision of this  
20       title, investment of the assets of the Trust [POOLED TRUSTS] shall  
21       be restricted as follows:

- 22
- 23       1.       *Equity securities.* No more than:
  - 24               a.       Sixty-five percent (65%) of the Trust's [POOLED  
25               TRUSTS'] assets may be invested in equity  
26               investments;
  - 27               b.       The greater of five percent (5%) or one and one-half  
28               times the security's weight in the S&P 500 stock index  
29               of the market value of the equity portfolio assets, at the  
30               time of the purchase, shall be invested in the equity  
31               securities of any one issuer;
  - 32               c.       Five percent (5%) of the voting stock of any corporation  
33               may be acquired by the Trust [POOLED TRUSTS].
- 34
- 35       2.       *Fixed income securities.* No more than:
  - 36               a.       Five percent (5%) of the Trust's [POOLED TRUSTS']  
37               fixed income portfolio assets may be invested in the  
38               fixed income securities of any single issuer, with the  
39               exception of the U.S. government, its agencies and  
40               instrumentalities;
  - 41               b.       Ten percent (10%) of the overall Trust's [POOLED  
42               TRUSTS'] portfolio at time of purchase may be  
43               invested in domestic fixed income securities with:
    - 44                   i.       An investment rating below BBB- as measured  
45                   by Standard & Poor's rating agency (or an  
46                   equivalent national rating agency), subject to the  
47                   totality of fixed income asset holdings having an  
48                   equivalent, aggregate investment grade rating of  
49                   BBB- or higher when examined on a dollar  
50                   weighted basis;

- 1 c. Thirty percent (30%) of total fixed income assets at  
2 time of purchase may be invested in investment grade  
3 fixed income securities issued by non-domestic entities  
4 whose securities are dollar denominated (or fully  
5 hedged in U.S. dollars);  
6 d. Five percent (5%) of the overall Trust [POOLED  
7 TRUSTS'] portfolio value at time of purchase may be  
8 invested in fixed income securities with:  
9 i. Unhedged, non-dollar denominated investment  
10 grade securities, including emerging market debt  
11 securities.

12  
13 3. *Real estate.* No more than:

- 14 a. Ten percent of the overall Trust [POOLED TRUSTS']  
15 portfolio value at time of purchase may be invested in  
16 real estate investments cited above in subsection I.3.

17  
18 4. *Basket clause flexibility.* No more than:

- 19 a. Ten percent of the overall Trust [POOLED TRUSTS']  
20 portfolio value at time of purchase may be used to  
21 provide basket clause flexibility in:  
22 i. Extending investment parameters in any of the  
23 asset classes cited in this section; or  
24 ii. Utilizing investment vehicles such as limited  
25 partnerships or special purpose trusts to provide  
26 access to well-diversified alternative investment  
27 portfolios or strategies. Examples of such limited  
28 liability investments include, but are not limited  
29 to, hedge fund of funds (absolute return  
30 strategy), private equity, private debt, and  
31 various real return and/or inflation hedge  
32 products.

33  
34 [K. *REPORTING.* AN ANNUAL REPORT ON THE PERFORMANCE OF  
35 THE POOLED TRUSTS', INCLUDING NET ANNUAL EARNINGS  
36 AND INVESTMENT HOLDINGS, SHALL BE SUBMITTED TO THE  
37 MAYOR AND THE ASSEMBLY.]

38  
39 J.[L.] By March 15, 2007, and by the same date every fifth year thereafter,  
40 the Trust manager [MUNICIPAL TREASURER] shall review the  
41 controlled spending policy and recommend adjustments, as  
42 necessary, to maintain the long-term purchasing power of the [MOA]  
43 Trust [FUND].

44  
45 (AO No. 99-50(S), § 1, 4-6-99; AO No. 99-156, § 1, 1-11-00; AO No. 2000-  
46 89, § 1, 6-13-00; AO No. 2000-162(S), § 1, 11-21-00; AO No. 2002-10, § 1,  
47 4-16-02; AO No. 2003-167, § 1, 1-6-04; AO No. 2006-146, § 1, 10-31-06;  
48 AO No. 2009-3, § 1, 1-20-09; AO No. 2016-127, § 1, 11-1-16; AO No.  
49 2020-98, § 1, retro eff. 1-1-20)  
50

\*\*\*      \*\*\*      \*\*\*

**Section 5.** This ordinance shall be effective, after passage and approval by the Assembly and upon the appointment and operational readiness of a full functioning board of trustees serving the MOA Trust Fund, which must be in place no later than one year following certification of the April 4, 2023 municipal election. The Investment Advisory Commission will cease to exist and function at the time the new board of trustees holds its first public meeting.

PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Chair of the Assembly

ATTEST:

\_\_\_\_\_  
Municipal Clerk

**Appendix A**

\*\*\*REPEALED\*\*\*

**4.50.090 Investment advisory commission.**

- A. There is established an investment advisory commission consisting of nine members. Members of the commission shall be qualified by experience in the fields of finance, economics or investments. The commission members shall serve in an advisory capacity only. The municipal treasurer shall serve as the municipality's representative and secretary to the commission.
- B. The commission shall meet quarterly or more often as designated by the commission or the municipal treasurer and shall have the following powers, duties, and responsibilities:
1. To give advice on matters concerning the investment of municipal funds, including the ATU Trust Fund, but excluding the municipality's deferred compensation plan funds.
  - a. At least annually, the commission shall review the municipality's investments and report to the mayor and assembly on the safety and appropriateness of the investments.
  2. To give advice on the MOA Trust Fund on:
    - a. Policies, procedures and responsibilities for financial reporting and investments for the prudent and productive investment of municipal funds in the best interest of the municipality and its citizens;
    - b. The process of selection, evaluation, retention, use, compensation and advice of financial and investment experts, consultants and managers with a view to minimizing costs and maximizing prudent and productive investment advice and management in the best interests of the municipality and its citizens;
    - c. Investments, investment strategies, economic and financial assumptions, asset allocation policies and prudent investment alternatives.
  3. To perform such other duties as the municipal treasurer may reasonably request or the assembly may designate from time to time.
- C. The sunset provisions in section 4.05.150 shall not apply to this commission.

(AO No. 95-46, § 1, 3-7-95; AO No. 99-50(S), § 2, 4-6-99; AO No. 99-156, § 2, 1-11-00; AO No. 2001-60, § 1, 3-27-01; AO No. 2004-67, § 1, 4-13-04; AO No. 2004-96, § 1, 6-8-04; AO No. 2011-64(S-1), § 4, 6-28-11)



# MUNICIPALITY OF ANCHORAGE

## Assembly Memorandum

No. AM 435-2023

Meeting Date: June 6, 2023

1 **FROM: MAYOR**

2  
3 **SUBJECT: AN OMNIBUS ORDINANCE OF THE ANCHORAGE ASSEMBLY**  
4 **REPEALING CHAPTER 4.50.090, INVESTMENT ADVISORY**  
5 **COMMISSION, AND AMENDING CHAPTER 1.35, OATHS OF OFFICE;**  
6 **CHAPTER 4.40, REGULATORY AND ADJUDICATORY BOARDS AND**  
7 **COMMISSIONS; CHAPTER 6.50.010-.030, CHIEF FISCAL OFFICER,**  
8 **ISSUANCE OF REGULATIONS AND INVESTMENT GUIDELINES FOR**  
9 **MUNICIPAL FUNDS; AND CHAPTER 6.50.060, MOA TRUST FUND, IN**  
10 **SUPPORT OF CREATION OF A NEW FIDUCIARY BOARD OF TRUSTEES**  
11 **TO OVERSEE AND MANAGE THE MOA TRUST FUND AND**  
12 **INVESTMENT RELATED TECHNICAL REFERENCE CHANGES.**

13  
14 This proposed implementation ordinance is submitted in response to municipal voters  
15 approving Prop #11 at the April 4, 2023, regular election. Voters approved a fundamental  
16 change to Municipal Charter Section 13.11 governing management of the MOA Trust Fund  
17 ("Trust"). More specifically, Prop #11 changes the governance structure of the Trust such that  
18 the Municipal Treasurer is no longer the sole named fiduciary; instead, going forward the  
19 Trust will be managed and overseen by a newly formed Board of Trustees who will fulfill their  
20 fiduciary duty consistent with the Uniform Prudent Investor Act. The new Board of Trustees  
21 will be required to report to and advise both the Administration and Municipal Assembly. The  
22 new Board must be fully functioning within one year of the certified election results. The goal  
23 is to appoint new Board members during the summer of 2023 and have the Board fully  
24 functional by the fall of 2023. Once the Board is in-place and functioning the citizen-based  
25 Investment Advisory Commission (IAC, AMC 4.50.090) and its function will cease to exist.

26  
27 The proposed implementation ordinance was developed after much review and consultation  
28 with the following primary contributors:

- 29  
30
- 31 • Finance Department (i.e., CFO, Treasury and Public Finance & Investment)
  - 32 • RVK, investment consultant to Trust
  - 33 • Investment Advisory Commission
  - 34 • MOA Law Department
  - 35 • Other top-level Administration

36 Most of the content used in the implementation ordinance was sourced from several key  
37 areas that have long been established practices and serve as on-point models for the new  
38 Board of Trustees, namely:

- 39
- 40 • Prudent Investor Act of 1994
  - 41 • Alaska Permanent Fund Corporation
  - 42 • Anchorage Police/Fire Retirement System (AMC 3.85)
  - 43 • Other municipal code chapters providing baseline practices associated with municipal

1 board governance

- 2 • Additional online research associated with fiduciary investment boards

3  
4 The purpose and intent of this original implementation ordinance is to provide rules and  
5 direction for the newly formed Board of Trustees to follow during its early years of operation.  
6 Once the Board is formed and operational for an estimated two or more years they may at  
7 that time have some additional changes to propose to further clarify their role, duties and  
8 authority granted to them. For the early years of the new Board's operation, the proposed  
9 ordinance focuses on formally cited well established fiduciary board standards associated  
10 with governance and defers to the Board for any other future potential changes to Municipal  
11 Code.

12  
13 Below is a brief summary of each of the sections of the proposed implementation ordinance:

14  
15 **Section 1.**

16  
17 Repeals AMC 4.50.090, Investment Advisory Commission. See Exhibit A attached to  
18 ordinance for existing Code language to be repealed. The Commission's mission to provide  
19 oversight of the Trust and Municipal Cash Pool will no longer exist as a result of the passage  
20 of the ordinance.

21  
22 **Section 2.**

23  
24 Establishes a new Board of Trustees under AMC 4.40.170 to manage and oversee the Trust  
25 in a fiduciary capacity. This section of the ordinance represents the most substantive new  
26 Code language setting the standards and practices for the new Board to adhere to. The  
27 specific subject areas contained in Section 2 are summarized as follows:

- 28  
29 • Establishment and purpose  
30 • Board profile and formation (i.e., qualification, composition, selection, terms, removal)  
31 • Powers and duties (predominantly modeled after Alaska Permanent Fund and  
32 Anchorage Police/Fire Retirement System)  
33 • Board operation and communication  
34 • Monitoring, reporting and annual expense appropriation  
35 • Board member liability  
36 • Sunset provision cited as not applicable

37  
38 **Section 3.**

39  
40 Adds new Board of Trustees to list of boards and commissions required to take Oaths of  
41 Office (AMC 1.35)

42  
43 **Section 4.**

44  
45 Amends a portion of CFO chapter (AMC 6.50.010-.030) primarily to modify the oversight role  
46 of the Municipal Cash Pool in response to the repeal of the Investment Advisory  
47 Commission's role going forward. In addition, various updates to technical investment  
48 definitions, cross references and format were incorporated.

49  
50 Amends primary chapter governing the operation of the Trust (AMC 6.50.060). Definitions,

1 modernized references, clarifying language, and cross references to the new Board are  
2 amongst the technical changes proposed. The most substantive change to this Code chapter  
3 involves removing references to the Municipal Treasurer as the primary position overseeing  
4 and managing the day-to-day affairs of the Trust. Instead, a newly designated Trust manager  
5 position is cited within the definitions section and a new section has been created listing all  
6 the duties of the Trust manager.

7  
8 **Section 5.**

9  
10 This last section of the ordinance specifies the timeline and conditions for the ordinance to  
11 become effective. The Investment Advisory Commission will cease to exist once the new  
12 Board of Trustees is functional and has held its first public meeting. The governance rules  
13 for the new Board will take effect at their first meeting.

14  
15 Pursuant to AMC 2.30.053B.1., a summary of economic effects is not included due to no  
16 direct, material fiscal impact that is known or accurately quantifiable prior to operation of the  
17 new Board of Trustees. Depending on future decisions made by the Board, new expenses  
18 for the Trust may arise related to: meeting stipend payments, fiduciary training related costs,  
19 directors and officers insurance and other Board approved expenses tied to fulfilling their  
20 fiduciary duties. The additional costs incurred by the Trust will vary year-to-year. In year one,  
21 an approximate range of additional costs is estimated at \$6K-\$30K or more.

22  
23 **THE ADMINISTRATION RECOMMENDS APPROVAL.**

24  
25 Prepared by: Daniel Moore, Municipal Treasurer  
26 Approved by: Alden Thern, Acting CFO  
27 Concur: Anne Helzer, Municipal Attorney  
28 Concur: Kent Kohlhase, Municipal Manager  
29 Respectfully submitted: Dave Bronson, Mayor