
Public Finance and Investments Division

Finance Department

Anchorage: Performance. Value. Results.

Purpose

Prudently and efficiently manage the debt and investment portfolios of the MOA while providing liquidity to meet daily cash requirements.

Direct Services

Provide the most cost effective source of financing for all departments of the MOA.

Manage investment portfolios of the MOA with the objectives of:

- Safety of Principal,
- Liquidity to meet all operating requirements and
- Achieve the highest return on investment while complying with investment guidelines.

Provide investment performance reporting for all investment portfolios.

Provide investment accounting and investment earnings allocation services to all MOA departments.

Accomplishment Goals

- Maintain a rating of at least “AA” for the MOA’s general obligation bonds.
- Refund any outstanding debt that provides a minimum net present value savings and provide the most cost effective source of financing for all departments of the MOA.
- Invest only in securities that comply with AMC at the time of investment.
- Provide an aggregate investment return, net of fees, that outperforms the benchmark for the MOA’s aggregate portfolio.

Performance Measures

- The rating of the MOA’s general obligation by Standard & Poor’s and Fitch.
- Dollar amount of net present value savings achieved by refunding outstanding debt and cost effective and innovative sources of financing.
- Monthly compliance report for investments that measures if the investments in the portfolio are in compliance with AMC and P&P 24-11.
- Monthly portfolio performance reports that measure the actual return, net of fees, of the aggregate portfolio compared to the benchmark return for the aggregate portfolio.

Measure #1: The rating of the MOA's general obligation by Standard & Poor's and Fitch.

<u>Year</u>	<u>S&P</u>	<u>Fitch</u>
2008	AA Stable	AA Stable
2009	AA Stable	AA Stable
2010	AA Stable	AA+ Stable
2011	AA Stable	AA+ Stable
2012	AA+ Stable	AA+ Stable
2013	AAA Stable	AA+ Stable
2014	AAA Stable	AA+ Stable
2015	AAA Stable	AA+ Stable

Measure #2: Dollar amount of net present value savings achieved by refunding outstanding debt and cost effective, innovative and creative sources of financing.
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REFUNDING

<u>Year</u>	<u>Description of Refunding</u>	<u>Par Amount</u>	<u>Nominal Savings</u>	<u>NPV Savings</u>
2008	No Refunding			
2009	AWWU-Water	\$49,680,000	\$14,953.362	\$5,848,119
2010	GO-GP (refunding) C-1	\$11,715,000	\$1,036,948	\$1,133,804
	GO-GP (restructuring) C-2	11,735,000	-2,225,256	-579,537
		<u>\$23,450,000</u>	<u>\$-1,188,308</u>	<u>\$ 554,267</u>
2011	GO-School C	\$28,310,000	\$ 1,947,120	\$1,833,004
2012	GO-GP (refunding) B	\$30,215,000	\$1,934,725	\$2,526,664
	GO-Schools (refunding) D	24,080,000	1,504,758	1,502,047
		<u>\$54,295,000</u>	<u>\$3,439,483</u>	<u>\$4,028,711</u>
2013	No Refunding			
2014	GO-GP (refunding) B	\$89,590,000	\$11,375,985	\$10,445,889
	GO-Schools (refunding) D	39,920,000	4,247,874	3,628,808
	MLP A	12,285,000	1,720,900	1,444,736
		<u>\$141,795,000</u>	<u>\$17,344,759</u>	<u>\$15,519,433</u>

FINANCING

Financing Program	Savings
Master Lease Program 2008 - 2014	\$ 600,000
Port Commercial Paper Program 2008 - 2013	7,200,000
ML&P Commercial Paper Program 2012 - 2014	27,000,000
Port Direct Loan Agreement 2013-2014	2,800,000
ASU Direct Loan Agreement 2013-2014	4,200,000
AWU Direct Loan Agreement 2013-2014	5,500,000
Tax Anticipation Note Issuances 2006 - 2014 *	11,100,000
2008 - 2014 Savings Achieved	\$58,400,000

* Net profit achieved by keeping long-term funds invested in the Municipal Cash Pool.

Measure #3: Monthly compliance report for investments that measures if the investments in the portfolio are in compliance with AMC and P&P 24-11.

Month	In full compliance?	Notes
2012	Yes	In compliance for 10 months with exceptions noted below
6/2012	No ¹	Government securities were 0.57% below target on 6/29. The portfolio regained compliance one day later.
8/2012	No ¹	US Bank's error caused the portfolio to be out of compliance. The compliance was restored after the error was corrected.
2013	Yes	In compliance all year
2014	Yes	In compliance for 9 months, exceptions noted below
05/2014	No ¹	A large inflow of cash (tax payments) was received late in the day and left in the Keybank repurchase agreement investment overnight, causing the relative percentage of government securities in the internally managed portfolio to dip below 50%. This issue was corrected on the following business day.
08/2014	No ¹	A large inflow of cash (ML&P commercial paper proceeds) was received late in the day and left in the Keybank repurchase agreement investment overnight, causing the relative percentage of government securities in the internally managed portfolio to dip below 50%. This issue was corrected on the following business day.
11/2014	No	Concentration of investments in one single issuer exceeded the limits established in P&P 24-11 by 1.47%. This was corrected in December.
1/2015	Yes	
2/2015	Yes	
3/2015	Yes	

Measure #4: Monthly portfolio performance reports that measure the actual return, net of fees, of the aggregate portfolio compared to the benchmark return for the aggregate portfolio.

1 Month Return (%)				3 Month Return (%)			
Month	Portfolio	Benchmark	Excess Return over Benchmark	Month	Portfolio	Benchmark	Excess Return over Benchmark
1/2012	0.49	0.35	0.14	1/2012	0.67	0.50	0.17
2/2012	0.05	-0.06	0.11	2/2012	0.77	0.48	0.29
3/2012	-0.05	-0.11	0.06	3/2012	0.49	0.18	0.31
4/2012	0.28	0.33	-0.05	4/2012	0.28	0.16	0.12
5/2012	0.18	0.17	0.01	5/2012	0.41	0.39	0.02
6/2012	0.06	0.02	0.04	6/2012	0.52	0.52	0.00
7/2012	0.39	0.34	0.05	7/2012	0.63	0.53	0.10
8/2012	0.10	0.07	0.03	8/2012	0.56	0.43	0.13
9/2012	0.11	0.06	0.05	9/2012	0.60	0.47	0.13
10/2012	0.02	0.03	-0.01	10/2012	0.23	0.16	0.07
11/2012	0.11	0.11	0.00	11/2012	0.24	0.20	0.04
12/2012	-0.02	-0.01	-0.01	12/2012	0.11	0.13	-0.02
1/2013	-0.09	-0.11	0.02	1/2013	0.01	-0.01	0.02
2/2013	0.17	0.19	-0.02	2/2013	0.07	0.06	0.01
3/2013	0.03	0.06	0.03	3/2013	0.11	0.14	-0.03
4/2013	0.20	0.23	-0.03	4/2013	0.40	0.48	-0.08
5/2013	-0.43	-0.42	-0.01	5/2013	-0.20	-0.13	-0.07
6/2013	-0.37	-0.43	0.06	6/2013	-0.59	-0.62	0.03
7/2013	0.15	0.13	0.02	7/2013	-0.65	-0.72	0.07
8/2013	-0.09	-0.17	0.08	8/2013	-0.31	-0.47	0.16
9/2013	0.29	0.24	0.05	9/2013	0.35	0.20	0.15
10/2013	0.22	0.20	0.02	10/2013	0.42	0.27	0.15
11/2013	0.03	0.03	0.00	11/2013	0.54	0.46	0.08
12/2013	-0.21	-0.21	0.00	12/2013	0.03	0.02	0.01
01/2014	0.38	0.31	0.07	01/2014	0.19	0.13	0.06
02/2014	0.16	0.15	0.01	02/2014	0.32	0.25	0.07
03/2014	-0.16	-0.13	-0.03	03/2014	0.38	0.33	0.05
04/2014	0.21	0.19	0.02	04/2014	0.21	0.20	0.01
05/2014	0.30	0.30	0.00	05/2014	0.35	0.36	-0.01
06/2014	-0.01	-0.03	0.02	06/2014	0.50	0.46	0.04
07/2014	-0.08	-0.08	0.00	07/2014	0.21	0.19	0.02
08/2014	0.18	0.21	-0.03	08/2014	0.09	0.10	-0.01
09/2014	-0.13	-0.12	-0.01	09/2014	-0.03	0.02	-0.05
10/2014	0.23	0.26	-0.03	10/2014	0.27	0.35	-0.08
11/2014	0.14	0.18	-0.04	11/2014	0.23	0.32	0.09
12/2014	-0.15	-0.14	-0.01	12/2014	0.22	0.30	0.08
1/2015	0.54	0.58	-0.04	1/2015	0.53	0.62	-0.09

Since Inception² Return (%)

Month	Portfolio	Benchmark	Excess Return over Benchmark
1/2012	2.83	2.69	0.14
2/2012	2.79	2.63	0.16
3/2012	2.73	2.56	0.17
4/2012	2.74	2.59	0.15
5/2012	2.73	2.58	0.15
6/2012	2.70	2.54	0.16
7/2012	2.73	2.57	0.16
8/2012	2.71	2.54	0.17
9/2012	2.69	2.51	0.18
10/2012	2.65	2.48	0.17
11/2012	2.63	2.46	0.17
12/2012	2.59	2.42	0.17
1/2013	2.53	2.36	0.17
2/2013	2.53	2.36	0.17
3/2013	2.49	2.34	0.16
4/2013	2.49	2.35	0.14
5/2013	2.39	2.24	0.15
6/2013	2.29	2.14	0.15
7/2013	2.28	2.13	0.15
8/2013	2.24	2.07	0.17
9/2013	2.25	2.08	0.17
10/2013	2.26	2.09	0.17
11/2013	2.23	2.07	0.16
12/2013	2.17	2.01	0.16
01/2014	2.20	2.03	0.17
02/2014	2.20	2.03	0.17
03/2014	2.15	1.98	0.17
04/2014	2.15	1.98	0.17
05/2014	2.17	2.01	0.16
06/2014	2.14	1.98	0.16
07/2014	2.11	1.94	0.17
08/2014	2.11	1.95	0.16
09/2014	2.07	1.91	0.16
10/2014	2.07	1.92	0.15
11/2014	2.07	1.93	0.14
12/2014	2.03	1.89	0.14
1/2015	2.08	1.94	0.14

Notes:

1. The portfolio was in compliance with P&P 24-11 when the investments were originally purchased. With the withdrawal of bond proceeds from trust accounts and market value changes, the portfolio could shift out of compliance temporarily from time to time. The MOA reports portfolio compliance status at month end.
2. Inception date is June 1, 2007

Performance Measure Methodology Sheet
Public Finance and Investments Division
Finance Department

Measure #1: The rating of the MOA's general obligation by Standard & Poor's and Fitch.

Type

Effectiveness

Accomplishment Goal Supported

Maintain at least the current AA rating for the MOA's general obligation as currently assigned by the rating agencies Standard & Poor's and Fitch.

Definition

Our rating measures the strength of the Municipality of Anchorage's ability to repay outstanding debt. A strong rating allows the MOA to issue debt at substantial savings over lower rated debt.

Data Collection Method

Contact rating analysts at Standard & Poor's and Fitch.

Frequency

The Municipality's rating is always available to the Municipality, the investment community and the public.

Measured By

This measure will be measured by the Public Finance & Investments Division Staff. A history of these results will be stored electronically and in hard copy in the office of the Municipal Debt Officer.

Reporting

Reporting is done by the Chief Fiscal Officer whenever new debt is issued and at other times in discussion with the Mayor, Municipal Assembly, the press and investors.

Used By

The investment community

Performance Measure Methodology Sheet
Public Finance and Investments Division
Finance Department

Measure #2: Dollar amount of net present value savings achieved by refunding outstanding debt.

Type

Effectiveness

Accomplishment Goal Supported

Refund any outstanding debt that provides a reasonable net present value savings to the Municipality of Anchorage.

Definition

Measures that the division's staff are reviewing refunding and savings opportunities in the current interest rate environment with the Municipality of Anchorage's financial advisor

Data Collection Method

Cashflow analysis performed by staff and the Municipality's financial advisor which quantifies the savings

Frequency

Annually or as the market interest rate environment presents opportunity

Measured By

This Measure will be measured by the Public Finance & Investments Division Staff. A history of these results will be stored electronically and in hard copy in the office of the Municipal Debt Officer. This review will frequently include a review of cashflow analysis prepared by the MOA's financial advisor.

Reporting

Chief Fiscal Officer reports to the Municipal Assembly upon completion of refunding debt issuance.

Used By

The Municipal Assembly, Mayor, Chief Fiscal Officer, rating agencies and the investment community

Performance Measure Methodology Sheet
Public Finance and Investments Division
Finance Department

Measure #3: Monthly compliance report for investments that measures if the investments in the portfolio are in compliance with AMC and P&P 24-11.
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Type

Effectiveness

Accomplishment Goal Supported

Ensure that the investments within the investment portfolio, which at times aggregate in excess of one billion dollars, comply with the investment guidelines of Anchorage Municipal Code and P&P 24-11.

Definition

Measure that the Division's staff are investing funds of the MOA consistently with the MOA's investment objectives.

Data Collection Method

Compliance reports are prepared for every month end and can be done on any given day as well.

Frequency

Monthly

Measured By

This Measure will be measured by the Public Finance & Investments Division Staff. A history of these results will be stored electronically and in hard copy in the office of the Cash Management & Investments Officer. These results are also delivered every calendar month to the Municipal Assembly by Assembly Information Memorandum as part of the Monthly Investment Report to the Assembly.

Reporting

Chief Fiscal Officer reports to the Mayor and Municipal Assembly on a monthly basis.

Used By

The Municipal Assembly, Mayor, Chief Fiscal Officer, rating agencies and the investment community

Performance Measure Methodology Sheet
Public Finance and Investments Division
Finance Department

Measure #4: Monthly portfolio performance reports that compares the actual return, net of fees, of the aggregate portfolio to the benchmark return for the aggregate portfolio.
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Type

Effectiveness

Accomplishment Goal Supported

Ensure that the aggregate portfolio of the Municipality of Anchorage investments are invested to produce a return, net of fees, that outperforms the benchmark for the aggregate portfolio.

Definition

Measure that the Division's staff are investing funds of the MOA consistently with the MOA's investment objectives.

Data Collection Method

Portfolio performance reports are prepared for every month end.

Frequency

Monthly

Measured By

This Measure will be measured by the Public Finance & Investments Division Staff. A history of these results will be stored electronically and in hard copy in the office of the Cash Management & Investments Officer. These results are also delivered every calendar month to the Municipal Assembly by Assembly Information Memorandum as part of the Monthly Investment Report to the Assembly.

Reporting

Chief Fiscal Officer reports to the Mayor and Municipal Assembly on a monthly basis.

Used By

The Municipal Assembly, Mayor, Chief Fiscal Officer, rating agencies, and the investment community