

Submitted by: Chair of the Assembly at
the Request of the Mayor

Prepared by: Finance Department

For reading: January 6, 2009

CLERK'S OFFICE

APPROVED

Date:

1/20/09

ANCHORAGE, ALASKA

AO No. 2009-3

1 AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE
2 SECTION 6.50.060 TO PROVIDE AN INTERIM REDUCTION IN THE MAXIMUM
3 PERCENTAGE APPLICABLE TO THE ANNUAL DIVIDEND PAYOUT, UNTIL SUCH
4 TIME AS THE TRUST'S MARKET VALUE RECOVERS TO A LEVEL EQUAL TO
5 OR GREATER THAN THE TRUST'S MARKET VALUE AT DECEMBER 31, 2007,
6 ADJUSTED FOR INFLATION.

7
8
9 THE ANCHORAGE ASSEMBLY ORDAINS:

10
11 **Section 1.** Anchorage Municipal Code subsection 6.50.060D. is amended to read
12 as follows:

13
14 **6.50.060**

MOA Trust Fund

15 *** **

16
17
18 D. *Controlled spending policy.* No more than five percent of the average
19 asset balance will be available for annual dividend distribution. The five
20 percent cap is tied to an endowment method whereby long-term capital
21 market projections for average annual investment return are netted
22 against projected inflation (e.g., in January 2001 capital market
23 projections indicated an 8.25 percent average annual investment return
24 less 3.25 percent average annual inflation, for a projected "net"
25 average annual rate of return of five percent over the next five years).

26
27 1. However, effective January 1, 2010, no more than four percent
28 of the average asset balance will be available for annual
29 dividend distribution until such time as the Trust's market value
30 recovers to a level equal to or greater than the Trust's market
31 value at December 31, 2007, adjusted for inflation.

32
33 2. Following such recovery, the Trust may resume distributing a
34 maximum of five percent of the average asset balance for
35 annual dividend distribution purposes.

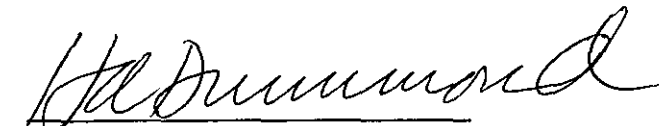
36
37 *** **

38
39 (AO No. 99-50(S), § 1, 4-6-99; AO No. 99-156, § 1, 1-11-00; AO No. 2000-89,
40 § 1, 6-13-00; AO No. 2000-162(S), § 1, 11-21-00; AO No. 2002-10, § 1, 4-16-
41 02; AO No. 2003-167, § 1, 1-6-04; AO No. 2006-146, § 1, 10-31-06)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

Section 2. This ordinance shall become effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 20th day of January, 2009.


Chair

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2009-3

Title: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION 6.50.060 TO PROVIDE AN INTERIM REDUCTION IN THE MAXIMUM PERCENTAGE APPLICABLE TO THE ANNUAL DIVIDEND PAYOUT, UNTIL SUCH TIME AS THE TRUST'S MARKET VALUE RECOVERS TO A LEVEL EQUAL TO OR GREATER THAN THE TRUST'S MARKET VALUE AT DECEMBER 31, 2007, ADJUSTED FOR INFLATION.

Sponsor: MAYOR
 Preparing Agency: Finance Department
 Others Impacted:

CHANGES IN EXPENDITURES AND REVENUES:						(In Thousands of Dollars)				
	FY09	FY10	FY11	FY12	FY13					
Operating Expenditures										
1000 Personal Services										
2000 Non-Labor										
3900 Contributions										
4000 Debt Service										
TOTAL DIRECT COSTS:	\$ -	\$ -	\$ -	\$ -	\$ -					
Add: 6000 Charges from Others										
Less: 7000 Charges to Others										
FUNCTION COST:	\$ -	\$ -	\$ -	\$ -	\$ -					
REVENUES:	-	(1,200,000)	(1,200,000)	(1,100,000)	(1,000,000)					

CAPITAL:

POSITIONS: FT/PT and Temp

PUBLIC SECTOR ECONOMIC EFFECTS:

Revenue impacts shown above are conservatively calculated based upon an 8.25% annual increase in the Trust Fund's market value. If market value recovery occurs more quickly, the revenue impacts will be lessened.

PRIVATE SECTOR ECONOMIC EFFECTS:

None.

Prepared by: Sharon B. Weddleton, CFO

Telephone: 343-6610



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 39-2009

Meeting Date: January 6, 2009

1 FROM MAYOR

2
3 SUBJECT: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE
4 SECTION 6.50.060 TO PROVIDE AN INTERIM REDUCTION IN
5 THE MAXIMUM PERCENTAGE APPLICABLE TO THE ANNUAL
6 DIVIDEND PAYOUT, UNTIL SUCH TIME AS THE TRUST'S
7 MARKET VALUE RECOVERS TO A LEVEL EQUAL TO OR
8 GREATER THAN THE TRUST'S MARKET VALUE AT
9 DECEMBER 31, 2007, ADJUSTED FOR INFLATION.

10
11
12 This ordinance amends Anchorage Municipal Code section 6.50.060D., MOA
13 Trust Fund, to promote rebuilding of the purchasing power of the Trust.
14 Specifically:

- 15 • The proposed ordinance establishes an interim reduction in the maximum
16 annual payout percentage from 5% to 4% until the Trust's market value
17 recovers to its level at December 31, 2007, adjusted for inflation.
- 18 • The effective date of January 1, 2010 attempts to strike a balance between
19 the requirements of the 2009 budget and the need to ensure long-term Trust
20 viability.
21
22

23
24 **Background/Purpose:** The year 2008 is the fifth worst investment year on
25 record. The magnitude of 2008 losses led to the Trust's market value falling below
26 its original corpus balance of \$102 million. While recovery is expected, there is
27 uncertainty regarding how long it will take. In the meantime, the Trust is
28 authorized by Charter and Code to withdraw up to 5% of the average asset value
29 each year as a dividend to general government.

30
31 A primary objective of the Trust is to preserve corpus in an effective inflation-
32 proofed manner. To maintain the long term purchasing power of the Trust, it is
33 incumbent on the City to lower the percentage payout rate from 5% to 4% per year
34 until the Trust rebuilds its value. This interim dividend reduction is likely to last at
35 least several years. If passed, this ordinance reduces annual dividends beginning
36 in 2010 by approximately \$1 million.

37
38 The Investment Advisory Commission and investment consultant met in
39 December, carefully reviewed this issue, and unanimously recommend approval of
40 this ordinance as a means of preserving the purchasing power of the Trust.
41

1 **THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE**
2 **AMENDING ANCHORAGE MUNICIPAL CODE SECTION 6.50.060 TO**
3 **PROVIDE AN INTERIM REDUCTION IN THE MAXIMUM PERCENTAGE**
4 **APPLICABLE TO THE ANNUAL DIVIDEND PAYOUT, UNTIL SUCH TIME AS**
5 **THE TRUST'S MARKET VALUE RECOVERS TO A LEVEL EQUAL TO OR**
6 **GREATER THAN THE TRUST'S MARKET VALUE AT DECEMBER 31, 2007,**
7 **ADJUSTED FOR INFLATION.**

8
9 Prepared by: Daniel Moore, Municipal Treasurer
10 Approved by: Sharon Weddleton, CFO
11 Concur: James N. Reeves, Municipal Attorney
12 Concur: Michael K. Abbott, Municipal Manager
13 Respectfully submitted: Mayor Mark Begich and
14 Acting Mayor-Appointee Matt Claman

Content ID: 007279**Type:** Ordinance - AO

Title: AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION 6.50.060 TO PROVIDE AN INTERIM REDUCTION IN THE MAXIMUM PERCENTAGE APPLICABLE TO THE ANNUAL DIVIDEND PAYOUT, UNTIL SUCH TIME AS THE TRUST'S MARKET VALUE RECOVERS TO A LEVEL EQUAL TO OR GREATER THAN THE TRUST'S MARKET VALUE AT DECEMBER 31, 2007, ADJUSTED FOR INFLATION

Author: maglaquijp**Initiating Dept:** Finance**Keywords:** Trust, MOA Trust Fund, Interim Reduction, Dividend Payout, Market Value, Adjusted, Inflation**Date Prepared:** 12/26/08 10:26 AM**Director Name:** Sharon Weddleton**Assembly Meeting Date:** 1/6/09**Public Hearing Date:** 1/20/09

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	1/2/09 9:35 AM	Exit	Heather Handyside	Public	007279
MuniMgrCoord_SubWorkflow	1/2/09 9:35 AM	Approve	Heather Handyside	Public	007279
MuniManager_SubWorkflow	12/31/08 3:06 PM	Approve	Michael Abbott	Public	007279
MuniManager_SubWorkflow	12/29/08 3:06 PM	Checkin	Joy Maglaqui	Public	007279
Legal_SubWorkflow	12/26/08 12:57 PM	Approve	Rhonda Westover	Public	007279
OMB_SubWorkflow	12/26/08 11:40 AM	Approve	Marilyn T. Banzhaf	Public	007279
Finance_SubWorkflow	12/26/08 10:32 AM	Approve	Sharon Weddleton	Public	007279
AllOrdinanceWorkflow	12/26/08 10:31 AM	Checkin	Nina Pruitt	Public	007279

Sharon Weddleton

CONSENT AGENDA - INTRODUCTION