

Submitted by: Chair of the Assembly at the  
Request of the Mayor  
Prepared by: Finance Department  
For reading: September 15, 2020

**ANCHORAGE, ALASKA  
AO No. 2020-98**

1 **AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE SECTION**  
2 **6.50.060 TO MODIFY THE MOA TRUST FUND ANNUAL DIVIDEND**  
3 **CALCULATION METHODOLOGY AND TO BROADEN AUTHORIZED**  
4 **INVESTMENTS TO FURTHER DIVERSIFY THE MOA TRUST FUND**  
5 **RETROACTIVE TO JANUARY 1, 2020 SUBJECT TO THE OCCURRENCE OF**  
6 **THE MUNICIPAL LIGHT & POWER SALE CLOSING DATE.**

---

7  
8 **WHEREAS**, the anticipated final net sale proceeds from the sale of Municipal Light  
9 & Power (ML&P) to Chugach Electric Association (CEA) is expected to dramatically  
10 increase the value of the MOA Trust Fund; and

11  
12 **WHEREAS**, without recalibration of the current MOA Trust Fund dividend  
13 calculation methodology, the resultant dividend calculation will produce a skewed  
14 and understated annual dividend calculation beginning in 2020; and

15  
16 **WHEREAS**, the MOA Trust Fund's investment consultant and the Investment  
17 Advisory Commission recommend further diversification of portfolio managers and  
18 broadened authority to invest in alternative investment areas, in light of the more  
19 than doubling of the MOA Trust Fund's market value resulting from the sale of ML&P  
20 to CEA; now therefore

21  
22 **THE ANCHORAGE ASSEMBLY ORDAINS:**

23  
24 **Section 1.** Anchorage Municipal Code section 6.50.060, MOA Trust Fund, is  
25 hereby amended to read as follows (*other portions of this section are not affected*  
26 *and therefore not set out*):

27  
28 **6.50.060 - MOA Trust Fund.**

29  
30 A. *Definitions.* In this section, unless the context clearly indicates  
31 otherwise:

32  
33 \* \* \* \* \*

34  
35 *Average asset balance* means the market value of the pooled  
36 trusts' assets, including accrued investment interest and dividends,  
37 averaged [OVER THE 20 CONSECUTIVE QUARTERS ENDING  
38 MARCH 31 OF EACH FISCAL YEAR. DURING 2004 THE AVERAGE

1 ASSET BALANCE WILL BE BASED ON THE 19 QUARTERS ENDED  
2 MARCH 31, 2004] according to the following specified terms:

3  
4 2020 annual dividend payment to be based on the average  
5 asset balance associated with the audited December 31, 2019 market  
6 value and the initial month end market value associated with the ML&P  
7 sale closing date, using the full amount of anticipated net ML&P sale  
8 proceeds, as assigned to the MOA Trust Fund in accordance with  
9 ML&P sale closing documents.

10  
11 2021 annual dividend payment to be based on the average  
12 asset balance associated with the trailing 2 consecutive quarters  
13 ending March 31, 2021.

14  
15 2022 annual dividend payment to be based on the average  
16 asset balance associated with the trailing 6 consecutive quarters  
17 ending March 31, 2022.

18  
19 2023 annual dividend payment to be based on the average  
20 asset balance associated with the trailing 10 consecutive quarters  
21 ending March 31, 2023.

22  
23 2024 annual dividend payment to be based on the average  
24 asset balance associated with the trailing 14 consecutive quarters  
25 ending March 31, 2024.

26  
27 2025 annual dividend payment to be based on the average  
28 asset balance associated with the trailing 18 consecutive quarters  
29 ending March 31, 2025.

30  
31 2026 and later years' annual dividend payment to be based on  
32 the average asset balance associated with the trailing 20 consecutive  
33 quarters ending March 31 of each fiscal year.

34  
35 *Corpus of the MOA Trust Fund (or corpus) means:*

- 36  
37 1. The aggregate of the following proceeds  
38 previously deposited by the assembly:  
39  
40 a. Proceeds from the sale of ATU after  
41 retirement of ATU debt; [AND]  
42  
43 b. Proceeds allocated from the police and fire  
44 retirement system settlement; and[.]  
45

1                                                  c. Proceeds from the sale of ML&P  
2                                                                                                  determined in accordance with Anchorage  
3                                                                                                  Charter Section 13.11(a).  
4

5                                                  \* \* \*   \* \* \*   \* \* \*

6  
7 D.     *Controlled spending policy.* No more than five percent of the average  
8     asset balance will be available for annual dividend distribution in Year  
9     2020 only and the maximum payout percentage rate shall be reduced  
10    to four and one-half percent thereafter. The four and one-half [FIVE]  
11    percent cap is tied to an endowment method whereby long-term  
12    capital market projections for average annual investment return over  
13    the next ten to twenty years are netted against projected inflation (e.g.,  
14    if long-term [IN JANUARY 2001] capital market projections in a given  
15    year indicated a [N] six and one half [8.25] percent average annual  
16    investment return less two [3.25] percent average annual inflation, this  
17    would lead to [FOR] a projected "net" average annual rate of return of  
18    four and one half [FIVE] percent).

19  
20       [1.     HOWEVER, EFFECTIVE JANUARY 1, 2017, NO MORE  
21       THAN FOUR AND ONE-QUARTER PERCENT OF THE  
22       AVERAGE ASSET BALANCE WILL BE AVAILABLE FOR  
23       ANNUAL DIVIDEND DISTRIBUTION UNTIL SUCH TIME AS  
24       THE TRUST'S MARKET VALUE RECOVERS TO A LEVEL  
25       EQUAL TO OR GREATER THAN THE TRUST'S MARKET  
26       VALUE AT DECEMBER 31, 2007, ADJUSTED FOR  
27       INFLATION AS MEASURED BY THE ANNUAL CHANGE IN  
28       THE UNITED STATES CONSUMER PRICE INDEX FOR ALL  
29       URBAN CONSUMERS (CPI-U).

30  
31       2.     FOLLOWING SUCH RECOVERY, THE TRUST MAY  
32       RESUME DISTRIBUTING A MAXIMUM OF FIVE PERCENT  
33       OF THE AVERAGE ASSET BALANCE FOR ANNUAL  
34       DIVIDEND DISTRIBUTION PURPOSES.]

35                                                  \* \* \*   \* \* \*   \* \* \*

36  
37  
38 I.     *Authorized investments.* In addition to the investments authorized by  
39     section 6.50.030, but subject to the investment restriction of this  
40     section, the assets of the pooled trusts may be invested in the  
41     following types of investments:  
42

43                                                  \* \* \*   \* \* \*   \* \* \*

44       3.     Real estate investments in a diversified portfolio of institutional  
45       quality, predominantly income producing properties held in a  
46       collective investment vehicle which limits the pooled trusts'  
47       liability;

1  
2                   \* \* \*   \* \* \*   \* \* \*

3  
4       J.     *Investment restrictions.* Notwithstanding any other provision of this  
5             title, investment of the assets of the pooled trusts shall be restricted  
6             as follows:  
7

8                   \* \* \*   \* \* \*   \* \* \*

9  
10       3.     *Real estate.* No more than:  
11

12           a.     Ten [FIVE] percent (10[5]%) of the overall pooled trusts'  
13                 portfolio value at time of purchase may be invested in  
14                 real estate investments cited above in subsection I.3.  
15

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

18           a.     Ten [FIVE] percent (10[5]%) of the overall pooled trusts'  
19                 portfolio value at time of purchase may be used to  
20                 provide basket clause flexibility in:

21  
22                   i.     Extending investment parameters in any of the  
23                         asset classes cited in this section; or

24  
25                   ii.    Utilizing investment vehicles such as limited  
26                         partnerships or special purpose trusts to provide  
27                         access to well-diversified alternative investment  
28                         portfolios or strategies. Examples of such limited  
29                         liability investments include, but are not limited to,  
30                         hedge fund of funds (absolute return strategy),  
31                         private equity, private debt [FUND OF FUNDS],  
32                         and various real return and/or inflation hedge  
33                         products.  
34

35                   \* \* \*   \* \* \*   \* \* \*

36  
37             (AO No. 99-50(S), § 1, 4-6-99; AO No. 99-156, § 1, 1-11-00; AO No. 2000-  
38             89, § 1, 6-13-00; AO No. 2000-162(S), § 1, 11-21-00; AO No. 2002-10, § 1,  
39             4-16-02; AO No. 2003-167, § 1, 1-6-04; AO No. 2006-146, § 1, 10-31-06; AO  
40             No. 2009-3, § 1, 1-20-09; AO No. 2016-127 , § 1, 11-1-16)

41  
42     **Section 2.** This ordinance shall be effective retroactive to January 1, 2020,  
43     subject to the occurrence of the ML&P sale closing date.  
44

45             PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day of  
46     \_\_\_\_\_, 2020.  
47

1  
2  
3  
4  
5  
6  
7

ATTEST:

\_\_\_\_\_  
Chair

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