

*Postponed Indefinitely
4-6-99*

Submitted by: Assembly member Wohlforth
Prepared by: Department of Law
For reading: December 15, 1998

ANCHORAGE, ALASKA
AO NO. 98-193

AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY ESTABLISHING
A SEPARATE TRUST FUND FOR CERTAIN MONIES GENERATED BY THE SALE
OF ANCHORAGE TELEPHONE UTILITY OTHER THAN THE SALE PROCEEDS
(THE TRUST FUND EARNINGS RESERVE) AND A SPENDING PLAN THEREFOR

WHEREAS, the Municipality of Anchorage plans to close on the sale of
Anchorage Telephone Utility (ATU) during the first quarter of 1999; and

WHEREAS, the proceeds of the sale shall, by Municipal Charter Section 13.11,
be placed in a trust fund to be managed pursuant to Municipal Code; and

WHEREAS, the sale may generate monies other than the sale proceeds, including
bond reserves which were excluded from the assets offered for sale; and

WHEREAS, the Municipal Assembly wishes to establish a trust for those monies
and a spending plan therefor, to be called the Trust Fund Earnings Reserve; and

WHEREAS, by placing these monies in the Trust Fund Earnings Reserve, the
Assembly will be able to avoid use of income from the sale proceeds trust fund for
several years, allowing this income to accrue and a predictable pattern of trust fund
income to be established before such income is allocated to the Municipal General
Government Operating Budget; and

WHEREAS, such forward-funding will permit more orderly fiscal planning for the
Municipality, while maintaining the will of the voters in the proper use of ATU sale
proceeds;

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1: That a trust fund named "The Trust Fund Earnings Reserve" be established with an initial deposit of monies generated by the sale of ATU other than sale proceeds, including bond reserves which were excluded from the assets offered for sale and 1999 ATU dividends and gross receipts MUSA payments.

Section 2: That the Trust Fund Earnings Reserve be invested in the same manner as the trust fund.

Section 3: That all income from the trust fund, after inflation proofing, shall be deposited in the Trust Fund Earnings Reserve prior to expenditure.

Section 4: That withdrawals from the Trust Fund Earnings Reserve are limited in the same way as withdrawals from the trust fund, except for inflation proofing, as follows: (1) to replace the 1998 ATU dividend and 1998 gross receipts MUSA up to an annual total of \$9.4 million, or (2) to reduce property taxes, or (3) to reinvest in the trust fund.

Section 5: Notwithstanding Section 4, until the initial deposit in the Trust Fund Earnings Reserve is exhausted, annual withdrawals from the Trust Fund Earnings Reserve shall not exceed an amount equal to the 1999 ATU dividend of \$7.5 million plus the 1999 gross receipts MUSA of \$1.3 million for a total of \$8.8 million.

Section 6: The Mayor and the Assembly shall establish by ordinance a formula for future withdrawals from the Trust Fund Earnings Reserve to provide fiscal stability through averaging of investment returns over multiple years and forward funding of budgetary needs, consistent with Section 4 above and prudent fiscal policy.

PASSED AND APPROVED by the Anchorage Assembly this day
of January, 1999.

Chair of the Assembly

ATTEST:

Municipal Clerk