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ANCHORAGE, ALASKA
AO NO. 99-50 (S-1)

AN ORDINANCE AMENDING ANCHORAGE MUNICIPAL CODE CHAPTER 6.50 TO ADD A NEW SECTION 6.50.060 TO ESTABLISH THE ATU TRUST FUND, RELEVANT DEFINITIONS, AUTHORIZED INVESTMENTS FOR THE INVESTMENT OF THE ATU TRUST FUND ASSETS AND TO PROVIDE FOR THE MANAGEMENT OF SAID TRUST FUND; AND TO AMEND ANCHORAGE MUNICIPAL CODE SECTION 4.50.090 TO INCREASE THE MEMBERSHIP OF THE INVESTMENT ADVISORY COMMISSION AND SPECIFY NEW DUTIES AND RESPONSIBILITIES FOR SAID COMMISSION RELATING TO THE INVESTMENT OF MUNICIPAL FUNDS INCLUDING THE ATU TRUST FUND.

WHEREAS, the voters of the Municipality approved the sale of the Anchorage Telephone Utility ("ATU"); and

WHEREAS, the Municipality plans to close the sale of ATU in the second quarter of 1999; and

WHEREAS, Municipal Charter §13.11 requires the balance of the proceeds from the sale of ATU after retirement of ATU debt, and other municipal debt deemed appropriate by the assembly, be placed in a trust fund; and

WHEREAS, Municipal Charter §13. requires the trust fund be invested and managed in accordance with AMC 6.50; and

WHEREAS, Anchorage Municipal Code section 6.50.050 regulating the investment of Municipal funds does not allow investment in equity securities; and

WHEREAS, some investment in equity securities balanced with some investment in fixed income securities over the long term is expected to earn a higher rate of return than investing in fixed income securities alone; and

WHEREAS, it is prudent, reasonable, advisable and in the public interest to invest the ATU Trust Fund in a balanced investment portfolio, including equity securities; and

WHEREAS, it is prudent, advisable and in the public interest to minimize investment costs and provide for flexible responses to changing management, economic and investment circumstances based on quality professional advice from successful investment managers selected and terminated on the basis of past and continuing performance rather than time-

1 consuming competitive proposals and bids; and

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3 WHEREAS it is prudent, advisable and in the public interest to maximize the
4 availability of professional economic, financial and investment advice and oversight by
5 increasing the membership and responsibilities and authority of the Investment Advisory
6 Commission; now therefore

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8 THE ANCHORAGE ASSEMBLY ORDAINS:

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10 Section 1. Anchorage Municipal Code Chapter 6.50 is hereby amended by adding a new
11 section 6.50.060 to read as follows:

12
13 6.50.060 ATU Trust Fund.

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15 A. *ATU Trust Fund Established.* Pursuant to Charter §13.11, there is hereby
16 established the ATU Trust Fund as Fund 730 (to be entitled “MOA TRUST
17 FUND”) to account exclusively for the proceeds derived from the sale of ATU
18 and the earnings thereon. Additionally, there is hereby established an ATU
19 Trust Fund Reserve as Fund 731 in which the ATU Revenue Bond Reserve
20 Investment will be deposited to be used [solely] in the event that earnings on
21 the ATU Trust Fund do not equal \$9.4 million/year or for additional reduction
22 in property taxes as may be determined by the Assembly.

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24 B. *Assembly appropriation.* The Municipal Assembly shall appropriate the
25 earnings from the Fund on an annual basis to (1) replace the annual dividends
26 from ATU up to 9.4million, (2) reduce property taxes, or (3) reinvest in the
27 Trust Fund.

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29 C.[B] *Definitions.* In this section, unless the context clearly indicates otherwise:

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31 *Corpus of the ATU Trust Fund (or Corpus)* means the balance of the proceeds
32 from the sale of ATU after retirement of ATU debt, and other municipal debt
33 as may be determined by the Anchorage Assembly, deposited in the ATU Trust
34 Fund plus additions thereto as an adjustment for average annual inflation and
35 any other amounts the Assembly may want to add.

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37 *Earnings* means the amount of interest, dividends, realized and unrealized
38 gains and losses from investment of the assets of the ATU Trust Fund as of
39 December 31 of the calendar year preceding the budget year.

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41 *Fund* means the ATU Trust Fund and ATU Trust Fund Reserve.

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43 *Inflation* means the total percentage increase in the average Anchorage

1 Consumer Price Index (CPI-U) in any calendar [fiscal] year from the average
2 of such Index for preceding calendar [fiscal] year, as published by the U.S.
3 Department of Labor.

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5 C. Section C. of AO 99-50(S) passed and approved on March 23, 1999 is hereby
6 amended as follows:

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8 *Management of the ATU Trust Fund.* Pursuant to Anchorage Municipal
9 Charter §13.11(c) and section 6.70.010, the municipal treasurer, under the
10 direction and supervision of the chief fiscal officer shall manage the ATU
11 Trust Fund and the ATU Trust Fund Reserve in accordance with the provisions
12 of this section.

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15 Section 3. This ordinance shall become effective immediately upon its passage and approval
16 by the Assembly.

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18 PASSED AND APPROVED by the Anchorage Assembly this 6th day of April, 1999.

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21 _____
22 Chair of the Assembly

23 ATTEST:

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25 _____
26 Municipal Clerk
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