

CLERK'S OFFICE

APPROVED

Date: 6-11-02

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

Prepared by: Finance Department

For Reading: May 21, 2002

ANCHORAGE, ALASKA

AR NO. 2002-172

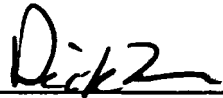
1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING
2 EIGHT HUNDRED FIFTY THOUSAND DOLLARS (\$850,000) FROM THE MOA TRUST
3 FUND (730) FOR EXPERT FINANCIAL MANAGEMENT AND SUPPORT SERVICES
4 PROVIDED IN CALENDAR YEAR 2002
5

6
7 The Anchorage Assembly resolves:
8

9 Section 1. That the sum of Eight Hundred Fifty Thousand Dollars (\$850,000) is
10 hereby appropriated from the MOA Trust Fund (730) for expert financial management and
11 support services provided in calendar year 2002.
12

13 Section 2. That this resolution shall take effect immediately upon approval.
14

15 PASSED AND APPROVED by the Assembly this 11th day of June
16 2002.
17

18 
19 _____
20 Chair

21 ATTEST:
22

23 
24 _____
25 Municipal Clerk
26

27
28
29
30 Departmental appropriation:
31 Finance \$850,000



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM 484-2002

Meeting Date: May 21, 2002

FROM: Mayor

SUBJECT: Appropriating \$850,000 from the MOA Trust Fund (Fund 730) for Expert Financial Management and Support Services provided in Calendar Year 2002

The Administration requests approval of the attached Assembly Resolution, AR 2002-172, to appropriate an amount not to exceed \$850,000 from the MOA Trust Fund (730) for financial management and support services provided in calendar year 2002.

AMC 6.50.060.A. Definitions (i.e., fund expenses) states:

Fund Expenses means incurred expenses which are reasonably prudent and necessary to manage and invest the assets of the pooled trusts, including all fees charged by external service providers such as investment managers, advisors, custodians and other professionals, and also including MOA's internal direct and indirect expenses incurred in providing administrative and oversight services for the benefit of the pooled trusts. Fund expenses are funded by annual earnings and are allocated to the pooled trusts on a pro-rata basis.

AMC 6.50.060.D1. Management of the Pooled Funds states:

The municipal treasurer shall hire the services of such investment managers, advisors, custodians and other professionals as are reasonably prudent and necessary to manage and invest the assets of the pooled trusts.

The MOA Trust Fund and MOA Trust Reserve are pooled and invested according to an established investment policy. Diversification is provided through the establishment of multiple portfolios invested in various areas of the market (i.e., Core Bond, Large Cap Growth, Large Cap Value, S&P 500 Index, International Equity and Small Cap). The income from the pooled trusts is expected to pay all of the fees for services rendered by investment managers.

The MOA Trust Fund's money managers are paid a management fee based on a quoted fee multiplied by the MOA Trust Fund's market value at the end of each calendar quarter. Money managers are rewarded for increasing the MOA Trust Fund's value and penalized for decreased market value using this system of compensation rather than a flat compensation method.

The Investment Advisory Commission reviews the performance of each of the MOA Trust Fund's money managers on a quarterly basis using information and reports provided by the Treasurer and the Investment Consultant (Callan Associates). The Investment Advisory Commission finds the money managers' performance to be satisfactory and they do not recommend any changes to the current line-up of money managers at this time.

In the prior year, the Municipality appropriated \$850,000 for management fees and paid approximately \$735,000 in actual costs, including estimated imputed fees from mutual fund portfolios. Actual costs in 2001 came in lower than expected due to a continued depressed state in the domestic and international stock markets. 2002 costs will similarly depend on actual market results.

Below is an approximate breakdown of the anticipated investment management and support service costs related to management of the MOA Trust Fund in year 2002:

Fixed Income Fund	\$175,000	} \$850,000
• Various Equity Funds	\$557,500	
• including Growth, Value, Index		
• International, and Small Cap Funds		
• Financial Advisor	\$ 35,000	
• Fund Custodian	\$ 66,000	
• Prop #4 – Voter Mailer & Fact Sheet	\$ 16,500	

The expense levels paid by the MOA Trust Fund are in line with other endowment and pension funds nationwide which use professional investment management services.

An Assembly Information Memorandum regarding the MOA Trust Fund's financial performance for 2001 was accepted by the Assembly at the May 14, 2002 Assembly meeting.

The accounting detail is as follows:

Revenue 0730-1348-9765	Other Interest Income	\$850,000
Expense 0730-1348-3103	Manager & Custodian Fee	\$833,500
Expense 0730-1348-3101	Professional Services	\$ 16,500

The Administration recommends approval of AR 2002-172 appropriating funds for anticipated expenses associated with management of the MOA Trust Fund.

Concurred

Harry J. Kieling, Jr.
Municipal Manager

Respectfully submitted,

George P. W
Mayor

Prepared by:

Daniel Moore
Municipal Treasurer

Fund Certification:
0730-1348-9765 - \$850,000

Kate Giard
Chief Fiscal Officer

Municipality of Anchorage
MUNICIPAL CLERK'S OFFICE
Agenda Document Control Sheet

Apr 2002 - 172

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

1	SUBJECT OF AGENDA DOCUMENT Resolution appropriating \$850,000 from the MOA Trust Fund (Fund 730) for expert financial management services provided in calendar year 2002	DATE PREPARED May 16, 2002	
		Indicate Documents Attached <input type="checkbox"/> AO <input checked="" type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM	
2	DEPARTMENT NAME Finance Department	DIRECTOR'S NAME Kate Giard	
3	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY Daniel Moore	HIS/HER PHONE NUMBER 343-4092	
4	COORDINATED WITH AND REVIEWED BY	INITIALS	DATE
X	Mayor		
	Heritage Land Bank		
	Merrill Field Airport		
	Municipal Light & Power		
	Port of Anchorage		
	Solid Waste Services		
	Water & Wastewater Utility		
X	Municipal Manager	<i>Handwritten initials</i>	<i>5.17.02</i>
	Cultural & Recreational Services		
	Employee Relations		
X	Finance, Chief Fiscal Officer	<i>Handwritten initials</i>	<i>5/16/02</i>
	Fire		
	Health & Human Services		
X	Office of Management and Budget	<i>Handwritten initials</i>	<i>5/17/02</i>
	Management Information Services		
	Police		
	Planning, Development & Public Works		
	Development Services		
	Facility Management		
	Planning		
	Project Management & Engineering		
	Street Maintenance		
	Traffic		
	Public Transportation Department		
	Purchasing		
	Municipal Attorney		
	Municipal Clerk		
	Other		
5	Special Instructions/Comments <div style="text-align: center; margin-top: 20px;"> <i>addendum</i> <i>attachment</i> </div>		
6	ASSEMBLY HEARING DATE REQUESTED May 21, 2002		PUBLIC HEARING DATE REQUESTED June 11, 2002

2002 MAY 17 PM 2:41
 CLERK'S OFFICE
 M.O.A.