

CLERK'S OFFICE

APPROVED

5-20-03

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

Prepared by: Finance Department

For Reading: May 13, 2003

ANCHORAGE, ALASKA

AR NO. 2003-135

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING  
SEVEN HUNDRED THOUSAND DOLLARS (\$700,000) FROM THE MOA TRUST  
FUND (730) FOR EXPERT FINANCIAL MANAGEMENT AND SUPPORT SERVICES  
PROVIDED IN CALENDAR YEAR 2003.

he Anchorage Assembly resolves:

Section 1. That the sum of Seven Hundred Thousand Dollars (\$700,000) is hereby  
appropriated from the MOA Trust Fund (730) for expert financial management and support  
services provided in calendar year 2003.

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

PASSED AND APPROVED by the Assembly this 20<sup>th</sup> day of May  
2003.

  
Chair

ATTEST:

  
Municipal Clerk

Departmental appropriation:

Finance \$700,000



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM 446-2003

Meeting Date: May 13, 2003

FROM: Mayor

SUBJECT: Appropriating \$700,000 from the MOA Trust Fund (Fund 730) for Expert Financial Management and Support Services provided in Calendar Year 2003

The Administration requests approval of the attached Assembly Resolution, AR 2003-135, to appropriate an amount not to exceed \$700,000 from the MOA Trust Fund (730) for financial management and support services provided in calendar year 2003.

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 is 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 MOA Trust Fund 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 \$620,000 in actual costs, including estimated imputed fees from mutual fund portfolios. Actual costs in 2002 came in lower than expected due to a continued depressed state

in the domestic and international stock markets. 2003 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 2003:

Fixed Income Fund	\$140,000	
Various Equity Funds	\$430,000	
Including Growth, Value, Index		
International, and Small Cap Funds		\$700,000
Financial Advisor	\$ 35,000	
Fund Custodian	\$ 95,000*	

includes re-appropriation of approximately \$31,000 owed for 2002 services rendered.

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 2002 is expected to be presented at the May 13, 2003 Assembly meeting, simultaneous with introduction of this Assembly Resolution.

The accounting detail is as follows:

Revenue 0730-1348-9765	Other Interest Income	\$700,000
Expense 0730-1348-3103	Manager & Custodian Fee	\$700,000

The Administration recommends approval of AR 2003- 135 appropriating funds for anticipated expenses associated with management of the MOA Trust Fund.

Prepared by: Daniel Moore, Municipal Treasurer

Concurrence & Fund Certification: Kate Giard, Chief Fiscal Officer

0730-1348-9765 - \$700,000

Concurrence: Harry J. Kieling, Jr., Municipal Manager

Respectfully submitted, George P. Wuerch, Mayor

## Content Information

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Type: AM\_CitingFunds - Citing Funds Memorandum

Appropriating \$700,000 from the MOA Trust Fund (Fund 730) for Expert

Title: Financial Management & Support Services provided in Calendar Year 2003  
Finance

Author: pruittns

Initiating Dept: Finance

APR 2003-135

## Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>	<u>Revision</u>
CitingFundsWorkflow	5/2/03 10:35 AM	Checkin	pruittns	Public	000820	0
CitingFundsWorkflow	5/2/03 10:55 AM	Reject	giardkh	Public	000820	0
CitingFundsWorkflow	5/2/03 11:11 AM	Checkin	pruittns	Public	000820	0
Finance_SubWorkflow	5/2/03 2:24 PM	Approve	giardkh	Public	000820	0
MuniManager_SubWorkflow	5/6/03 8:34 AM	Approve	kielinghj	Public	000820	0
MuniMgrCoord_SubWorkflow	5/6/03 8:36 AM	Approve	katkusja	Public	000820	0

## INTRODUCTION

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SS MAY 9- 2003