

CLERK'S OFFICE

APPROVED

Date: 4-13-04

Submitted by: Chair of the Assembly  
at the Request of Mayor  
Prepared by: Finance Department  
For Reading: March 16, 2004

ANCHORAGE, ALASKA

AR NO. 2004- 60

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING  
2 SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000) FROM THE MOA  
3 TRUST FUND (730) FOR EXPERT FINANCIAL MANAGEMENT AND SUPPORT  
4 SERVICES PROVIDED IN CALENDAR YEAR 2004.

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7 The Anchorage Assembly resolves:

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9 Section 1. That the sum of Seven Hundred Fifty Thousand Dollars (\$750,000) is  
10 hereby appropriated from the MOA Trust Fund (730) for expert financial management and  
11 support services provided in calendar year 2004.

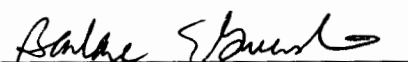
12  
13 Section 2. That this resolution shall take effect immediately upon approval.

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15 PASSED AND APPROVED by the Assembly this 13<sup>th</sup> day of April, 2004.

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Chair

20 ATTEST:

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24 Municipal Clerk

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29 Departmental appropriation:  
30 Finance \$750,000



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM 248-2004

Meeting Date: March 16, 2004

FROM: Mayor

SUBJECT: Appropriating \$750,000 from the MOA Trust Fund (Fund 730) for Expert Financial Management and Support Services provided in Calendar Year 2004

The Administration requests approval of the attached Assembly Resolution, AR 2004- 60, to appropriate an amount not to exceed \$750,000 from the MOA Trust Fund (730) for financial management and support services provided in calendar year 2004.

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 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 (2003), the Municipality appropriated \$700,000 for management fees and paid approximately \$660,000 in actual costs, including estimated imputed fees from mutual fund portfolios. In 2004 fund management costs are projected to increase \$50,000 in response to the strong equity market performance in calendar year 2003, which has thus far continued in early 2004. Expenses incurred will 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 2004:

• Fixed Income Fund	\$145,000	} \$750,000
• Various Equity Funds including Growth, Value, Index International, and Small Cap Funds	\$500,000	
• Financial Advisor	\$ 35,000	
• Fund Custodian	\$ 70,000	

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 2003 is expected to be submitted simultaneous with this Assembly Resolution.

The accounting detail is as follows:

Revenue 0730-1348-9765	Other Interest Income	\$750,000
Expense 0730-1348-3103	Manager & Custodian Fee	\$750,000

The Administration recommends approval of AR 2004- 60 appropriating funds for anticipated expenses associated with management of the MOA Trust Fund.

Prepared by: Daniel Moore, Municipal Treasurer

Concurrence & Fund Certification: Jeffrey E. Sinz, Chief Fiscal Officer

730-1348-9765 – \$750,000

Concurrence: Denis C. LeBlanc, Municipal Manager

Respectfully submitted: Mark Begich, Mayor

**Content Information****Content ID :** 001601**Type:** AR\_FundsApprop - Funds Approp Resolution

Appropriating \$750,000 from the MOA Trust Fund for Expert

**Title:** Financial Management and Support Services provided in Calendar Year 2004, Finance**Author:** pruittns**Initiating Dept:** Finance**Keywords:** financial management, support services, MOA Trust Fund, Trust Reserve**Date Prepared:** 3/2/04 2:13 PM**Assembly Meeting Date MM/DD/YY:** 03/16/04**Public Hearing Date MM/DD/YY:** 04/13/04**Workflow History**

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
FundsAppropWorkflow	3/2/04 2:17 PM	Checkin	pruittns	Public	001601
Finance_SubWorkflow	3/4/04 5:20 PM	Approve	sinzje	Public	001601
OMB_SubWorkflow	3/5/04 4:26 PM	Approve	pearcydl	Public	001601
MuniManager_SubWorkflow	3/8/04 11:37 AM	Approve	katkusja	Public	001601
MuniMgrCoord_SubWorkflow	3/8/04 11:40 AM	Approve	katkusja	Public	001601

**CONSENT AGENDA – INTRODUCTION**

Clerk of the Court

2004 MAR -8 PM 3:29

V. P. A.