

Submitted by: Assemblymember FAIRCLOUGH

Prepared by: Department of Assembly

For reading: March 29, 2005

CLERK'S OFFICE

APPROVED

Date: 3-29-05

ANCHORAGE, ALASKA

AR NO. 2005- 64

**A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY REQUESTING THAT
THE ADMINISTRATION STUDY THE LONG-TERM DEBT AND CASH POOL INVESTMENT
POLICIES AND PRACTICES OF THE MUNICIPALITY OF ANCHORAGE**

WHEREAS, the Chief Fiscal Officer indicated during presentation of the annual operating budget that a review of the Municipality's long-term debt and cash pool investment policies and practices was appropriate and due; and

WHEREAS, a periodic review of the Municipality's debt capacity as indicated by Anchorage's percentage of debt to assessed valuation and debt per capita, adjusted to allow for factors unique to the Municipality, would be helpful to the capital planning process and meaningful indicators to citizens and investors in assessing the appropriateness of Anchorage's debt position; and

WHEREAS, the Anchorage Home Rule Charter does not mandate a limit on the amount of debt the Municipality can incur; and

WHEREAS, the Municipality of Anchorage's long-term general obligation bond ratings are AA- by Standard and Poor's and Aa3 by Moody's Investors Service; and

WHEREAS, a high debt rating has a significant impact on the cost of local government; and

WHEREAS, determination of the appropriate cash pool investment policies and practices considering the investment income needs and risk tolerances of the Municipality is consistent with prudent financial management; and

WHEREAS, the amount and cost of municipal debt and the amount of investment earnings impact the level of services and the associated tax requirement of the municipality; and

WHEREAS, it is prudent that the long-term debt and cash pool investment policies and practices be periodically reviewed and updated as appropriate.

NOW, THEREFORE, the Anchorage Assembly resolves:

Section 1: That the Administration is requested to proceed with its plan to analyze long-term debt and cash pool investment policies and practices.

Section 2: That this analysis will include a determination of debt capacity of the Municipality in light of factors typically considered by bond rating agencies and financial best practices.

1 **Section 3:** That the long-term debt analysis include a review of the debt portfolio
2 management practices including the use of variable rate debt, asset liability management and
3 alternative debt instruments, and debt refinancing policies.
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5 **Section 4.** That the analysis of cash pool investment practices be conducted
6 considering the cash flow needs, interest income needs and risk tolerances of the
7 Municipality.
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9 **Section 5.** That the administration report the status of the long-term debt and cash
10 pool investment analysis at the end of each calendar quarter beginning with the quarter
11 ending June 30, 2005, and continue to do so at the end of each quarter until the studies are
12 complete, at which time a report will be presented to the assembly summarizing the findings
13 and any changes proposed.
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15 PASSED AND APPROVED by the Anchorage Assembly this 29th day of
16 March, 2005.
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Chair

ATTEST:


Municipal Clerk