

Submitted by: Assemblymember FAIRCLOUGH  
and Mayor BEGICH  
Prepared by: Finance Department  
For reading: October 17, 2006

**CLERK'S OFFICE**

**APPROVED**

Date: 10-31-06 ANCHORAGE, ALASKA  
AO No. 2006- 145

1 AN ORDINANCE REPEALING AND RE-ENACTING ANCHORAGE MUNICIPAL  
2 CODE SECTION 6.50.030 TO UPDATE THE INVESTMENT POLICIES AND  
3 PRACTICES OF THE MUNICIPALITY AND RESCINDING THE REPORTING  
4 REQUIREMENTS IN ASSEMBLY RESOLUTIONS NO. 93-187 (S-1) AND NO. 79-54.

5  
6 WHEREAS, Assembly Resolution No. 2005-64 directed the Municipality (MOA) to  
7 perform a review of cash pool investment policies and practices. The scope of the project  
8 was extensive and included an analysis of the MOA's cash flows, evaluation of cash  
9 pooling practices and a re-write of Municipal Code and Operating Policies and Procedures  
10 governing investment practices, portfolio management practices, security selection and the  
11 use of external money managers; and

12  
13 WHEREAS, a Request For Proposal (RFP) for an investment advisory services firm to  
14 assist staff with the review was solicited and the MOA entered into a contract with the  
15 investment advisory firm of RV Kuhns and Associates, Inc; and

16  
17 WHEREAS, RV Kuhns completed its review of the MOA's investment policies and  
18 practices and provided numerous recommendations, including the re-write of Anchorage  
19 Municipal Code (AMC) section 6.50.030; and

20  
21 WHEREAS, RV Kuhns presented their recommendations to the Investment Advisory  
22 Commission (IAC) on September 19, 2006 and the IAC unanimously approved a motion  
23 supporting the investment policies and practices recommendations of RV Kuhns, and  
24 supporting the effort of the Finance Department to move forward with the implementation  
25 of the recommendations; now therefore,

26  
27 **THE ANCHORAGE ASSEMBLY ORDAINS:**

28  
29 **Section 1.** Anchorage Municipal Code section 6.50.030, copy attached, is hereby  
30 repealed in its entirety, and re-enacted to read as follows:

31  
32 **6.50.030** **Investment Guidelines for Municipal Funds**

33  
34 A. *Definitions.* For the purposes of this section, the following definitions shall  
35 apply:

36  
37 *Bank* means a state or federally chartered commercial or mutual bank,  
38 savings and loan association or credit union located in the United States and  
39 having insurance of accounts through the appropriate federal insuring

agency of the United States.

*Broker/Dealer* means a qualified institution including depository banks, any Federal Reserve Bank, primary government securities dealers, or broker dealer registered in compliance with the Securities Exchange Act of 1934.

*Certificate of deposit* means a nonnegotiable certificate of deposit or other depository agreement issued or to be issued to the Municipality by a bank.

*Duration bucket* means a portion of the Portfolio, which has been invested, based on liability duration or cash need. Individual duration buckets will generally target working capital (less than 90 days), short-term reserve (greater than 90 days but less than a year) or strategic reserve (greater than one year but less than three years).

*Interfund loan* means a loan from a Municipal Cash Pool to a Municipal Fund extending outside a fiscal year.

*Portfolio* means aggregate balance of all Municipal funds currently under investment.

*Portfolio benchmark* means a blended benchmark consisting of the individual buckets respective benchmarks, weighted at their beginning-of-period market values throughout budgetary and economic cycles, taking into account the Municipality's investment risk constraints and the cash flow characteristics of the Portfolio.

*Rated bank* means:

1. A bank whose short term debt issues are rated at least A-1, P-1, or F-1, or whose long term debt issues are rated at least A by Standard and Poor's (S&P), Moody's Investors Service (Moody's), or Fitch Ratings (Fitch) or the equivalent by a nationally recognized rating service; or
2. A bank whose letters of credit secure third-party debt issues rated at least A by S&P or its equivalent by a nationally recognized rating service; or
3. A bank which is a subsidiary of a one-bank holding company, all of whose commercial paper is rated at least "A-1" by S&P, "P-1" by Moody's, or "F-1" by Fitch or the equivalent by a nationally recognized rating service.

*Securities* means any authorized investment listed in subsection D.

B. Management of Municipal Funds.

1. It is the policy of the Municipality to invest public funds in a manner that provides the highest investment return consistent with preservation of capital while meeting the daily cash flow demands of the Municipality.
2. Investment decisions shall be guided by this section, and the Operating Policy & Procedures for investment of Municipal funds, as modified from time to time by the Chief Fiscal Officer.
3. The Chief Fiscal Officer shall obtain the services of such investment managers, advisors, custodians and other professionals as are reasonably prudent and necessary to manage and invest all Municipal Funds.
4. The Chief Fiscal Officer shall solicit input from the Investment Advisory Commission members prior to the final selection of any service providers.
  - a. For an investment manager, advisor, custodian or other professionals contracted under the provisions of this section, assembly approval is not required;
  - b. The Chief Fiscal Officer shall report within ninety (90) days to the Assembly, by Assembly Informational Memorandum, on contracts entered into pursuant to the provisions of this section including, but not limited to, the duties to be performed by the contractor and the compensation paid.

C. Investment Objective. The primary objectives, in priority order, of the Municipality's investment activities shall be:

1. *Safety.* Safety of principal is the foremost objective of the investment program. Investments of the Municipality shall be undertaken in a manner seeking to ensure the preservation of capital in the overall Portfolio. To attain this objective, diversification is required to reduce overall Portfolio risk while attaining market rates of return.
2. *Liquidity.* The Municipality's investment Portfolio shall remain sufficiently liquid to enable the municipality to meet all reasonably anticipated operating requirements.

3. *Return on investment.* The Municipality's investment Portfolio shall be designed with the objective of outperforming the total Portfolio benchmark.

4. *Duration/Risk Bucketing.* The Municipality's investment Portfolio shall be structured into three duration buckets, each designed to fulfill a specific liquidity requirement. Allocations into each bucket shall consist of an absolute value derived from a rolling three-year forecast, re-evaluated on an annual basis.

D. *Authorized investments.* In order to provide maximum security for the investment of public funds and to provide the greatest interest revenue consistent with safety, only the following investments of the Municipality's funds are authorized (where the issue or issuer is split-rated, the lower of the ratings shall apply):

1. Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies.

2. Commercial paper, including asset-backed commercial paper, rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch.

3. Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (with maturities of not more than 365 days), and deposits with any bank, the short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and is either:

a. Incorporated under the laws of the United States of America, or any state thereof, and subject to supervision and examination by federal or state banking authorities; or

b. Issued through a foreign bank with a branch or agency licensed under the laws of the United States of America, or any state thereof, or under the laws of a country with a Moody's sovereign rating for bank deposits of "Aaa", or an S&P sovereign rating of "AAA", or a Fitch national rating of "AAA", and subject to supervision and examination by federal or state banking authorities.

4. Repurchase agreements secured by obligations of the U.S. government, U.S. agencies, or U.S. government-sponsored corporations and agencies.

5. Dollar denominated corporate debt instruments rated BBB- or better by S&P's Rating Service (investment grade) or the equivalent by another nationally recognized rating agency.
  6. Dollar denominated corporate debt instruments, rated below BBB- by S&P's Rating Service or the equivalent by another nationally recognized rating agency, including emerging markets.
  7. Asset Backed Securities (ABS), other than commercial paper, collateralized by: credit cards, automobile loans, leases and other receivables which must have a credit rating of AA- or above by S&P's Rating Service or the equivalent by another nationally recognized rating agency.
  8. Mortgage Backed Securities, including generic mortgage-backed pass-through securities issued by GNMA, FHLMC, FNMA, Non-agency mortgage-backed securities, Collateralized Mortgage Obligations (CMOs), or Commercial mortgage-backed securities (CMBS), which must have a credit rating of AA- or better by S&P's Rating Service or the equivalent by another nationally recognized rating agency.
  9. Fixed income derivative instruments used in an un-levered manner to implement Portfolio strategies consistent with this section of the code.
  10. Money Market Mutual Funds rated "Am" or better by Standard & Poor's Rating Service, or the equivalent by another nationally recognized rating agency, and consisting of any or all of the securities authorized for investment in this section of the code.
  11. Alaska Municipal League Investment Pool (AMLIP), consistent with all other provisions of this section of the code.
  12. Mutual Fund Investments consisting of a diversified mutual fund, registered under the Securities Act of 1933 and Investment Company Act of 1940, so long as the overall nature of the fund is generally consistent with this section of the code.
  13. Interfund Loans from a Municipal Cash Pool to a Municipal Fund.
- E. *Use of Derivatives.* Derivatives shall not be used to increase Portfolio risk above the level that could be achieved in the Portfolio using only traditional investment securities. Moreover, derivatives shall not be used to acquire exposure to changes in the value of assets or indices that, by themselves, are

not allowable investments. Under no circumstances shall an investment in Derivatives be made that is non-covered or leveraged to the extent it causes Portfolio duration or maturity to exceed limits specified in the existing Operating Policies & Procedures.


F. *Reporting.* The Chief Fiscal Officer shall submit to the Assembly on an annual basis reports addressing Portfolio performance and compliance. The annual report will address the use of investment consultants and external money managers, the use of derivatives, securities lending activities and bank lines of credit. The report shall also include compliance with the requirements regarding Portfolio diversification, maximum holdings by type of authorized investment, and Portfolio performance compared with Portfolio benchmarks.

**Section 2.** The reporting requirements contained in Section 1 of Assembly Resolution No. 79-54, copy attached, is hereby rescinded. Adoption of this ordinance updates, enhances and replaces the Municipality reporting requirements to the Assembly.

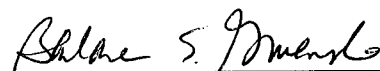
**Section 3.** Sections 3 and 4 of Assembly Resolution No. 93-187 (S-1), copy attached, are hereby rescinded. Adoption of this ordinance updates, enhances and replaces the Municipality reporting requirements to the Assembly.

**Section 4.** This ordinance shall become effective immediately upon its passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 31<sup>st</sup> day of October, 2006.

  
Chair of the Assembly

ATTEST:

  
Municipal Clerk

**Attachments:**

- 1) Current version of AMC section 6.50.030, 2) AR No. 2005-64, 3) AR No. 93-187 (S-1), 4) AR No. 79-54

**MUNICIPALITY OF ANCHORAGE**  
**Summary of Economic Effects -- General Government**

AO Number: 2006-145

Title: AN ORDINANCE REPEALING AND RE-ENACTING ANCHORAGE  
MUNICIPAL CODE SECTION 6.50.030 TO UPDATE THE INVESTMENT  
POLICIES AND PRACTICES OF THE MUNICIPALITY AND RESCINDING  
THE REPORTING REQUIREMENTS IN ASSEMBLY RESOLUTIONS NO. 93-  
187 (S-1) AND NO. 79-54.

Sponsor: Mayor Mark Begich

Preparing Agency: Finance Department

Others Impacted:

---

**CHANGES IN EXPENDITURES AND REVENUES:**

(In Thousands of Dollars)

	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>
<b>Operating Expenditures</b>					
1000 Personal Services	\$ 92	\$ 95	\$ 98	\$ 101	\$ 104
3103 Professional Services	732	732	1,281	1,281	1,281
<b>TOTAL DIRECT COSTS:</b>	<u>\$ 824</u>	<u>\$ 827</u>	<u>\$ 1,379</u>	<u>\$ 1,382</u>	<u>\$ 1,385</u>
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
<b>FUNCTION COST:</b>	<u>\$ 824</u>	<u>\$ 827</u>	<u>\$ 1,379</u>	<u>\$ 1,382</u>	<u>\$ 1,385</u>
<b>REVENUES:</b>	<u>\$ 1,830</u>	<u>\$ 2,928</u>	<u>\$ 3,660</u>	<u>\$ 3,660</u>	<u>\$ 3,660</u>

---

**CAPITAL:**

---

**POSITIONS: FT/PT and Temp**

---

**PUBLIC SECTOR ECONOMIC EFFECTS:**

Approval of the attached Ordinance will allow for implementation of a new cash management and investment program consistent with the recommendations of RV Kuhns & Associates as contained in their report dated September 19, 2006. The new program will require one additional internal position to support cash forecasting and accounting and the retention of external money managers. The increased costs will be more than offset by expected increases in investment revenues.

**PRIVATE SECTOR ECONOMIC EFFECTS:**

No effects.



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

AM No. 766 -2006

Meeting Date: October 17, 2006

1 **From: MAYOR MARK BEGICH**

2  
3 **Subject: AN ORDINANCE REPEALING AND RE-ENACTING**  
4 **ANCHORAGE MUNICIPAL CODE SECTION 6.50.030 TO**  
5 **UPDATE THE INVESTMENT POLICIES AND PRACTICES OF**  
6 **THE MUNICIPALITY AND RESCINDING THE REPORTING**  
7 **REQUIREMENTS IN ASSEMBLY RESOLUTIONS NO. 93-187 (S-**  
8 **1) AND NO. 79-54.**  
9

10 Assembly Resolution No. 2005-64, approved on March 29, 2005, requested that the  
11 Administration conduct an analysis of the Municipality's cash pool investment  
12 practices. In early 2006, a contract was awarded to RV Kuhns & Associates  
13 (Consultant), an investment consulting firm to assist the Administration with the  
14 analysis. The scope of work included analysis of the Municipality's cash flows,  
15 evaluation of current cash management and investment practices, recommendation of  
16 ways to improve current practices, and if necessary, a re-write of Anchorage Municipal  
17 Code (AMC) provisions and Operating Policies/Procedures. The attached ordinance  
18 effectively re-writes section 6.50.030 of the AMC as necessary to allow for  
19 implementation of the consultant's recommendations.  
20

21 The Consultant presented its findings and recommendations to the Investment Advisory  
22 Commission (IAC) on September 19, 2006. The IAC unanimously approved a motion  
23 supporting the recommendations of the Consultant, and supporting the effort of the  
24 Finance Department to move forward with implementation of the recommendations.  
25

26 The current Code language dates back to 1975. Assembly approval of this ordinance is  
27 the first step in the process of implementing the Consultant's recommendations.  
28 Section 1 of the ordinance repeals and re-enacts AMC 6.50.030, regarding authorized  
29 investments. The new code language expands the list of authorized investments to  
30 include the Alaska Municipal League Investment Pool (AMLIP), interfund loans and  
31 other fixed income investments similar to those permitted by the MOA Trust Fund. The  
32 new code language also permits the use of external money managers and delegates  
33 sufficient authority to the Chief Fiscal Officer to implement the Consultant's  
34 recommended changes. In addition, Sections 2 and 3 of the ordinance rescind certain  
35 reporting requirements contained in two different Assembly Resolutions dating back as  
36 far as 1979. The rescinded reporting requirements are largely outdated and will be  
37 replaced with new requirements contained in the re-enacted AMC 6.50.030. The new  
38 reporting requirements require that the Chief Fiscal Officer report to the Assembly on  
39 an annual basis the use of investment consultants and external money managers, as well



as the use of derivative products, securities lending activities and bank lines of credit, if utilized. The annual reports will also address compliance with portfolio limitations regarding diversification, maximum holdings by type of authorized investment, and portfolio performance compared to portfolio benchmarks.

Upon passage of this ordinance, the administration intends to proceed with full implementation of the Consultant's recommendations including an update of relevant Municipal Operating Policies and Procedures, selection of an implementation Consultant, and selection of external money managers. It is anticipated that the new investment program will be fully implemented by April 2007.

Representatives of RV Kuhns will present their report and recommendations in more detail during an Assembly work session scheduled for October 20, 2006.

**THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE  
REPEALING AND RE-ENACTING ANCHORAGE MUNICIPAL CODE  
SECTION 6.50.030 TO UPDATE THE INVESTMENT POLICIES AND  
PRACTICES OF THE MUNICIPALITY AND RESCINDING THE  
REPORTING REQUIREMENTS IN ASSEMBLY RESOLUTIONS NO. 93-187  
(S-1) AND NO. 79-54.**

Prepared by:	Ross Risvold, Public Finance & Investments Manager, Finance Department
Approved:	Jeffrey E. Sinz, Chief Fiscal Officer
Concur:	James N. Reeves, Municipal Attorney
Concur:	Denis C. LeBlanc, Municipal Manager
Respectfully submitted,	Mark Begich, Mayor

## Chapter 6.50 CHIEF FISCAL OFFICER\*

**\*Charter references:** Chief fiscal officer, § 5.05.

**Cross references:** Conflict of interest, Ch. 1.15; conflict of interest, prohibited acts, § 1.15.180; special assessment submittal to the chief fiscal officer for approval by the assembly, § 6.30.070; administration of the accounts, records and reports of the budget, § 6.40.010.

6.50.010 Chief fiscal officer.

6.50.020 Issuance of regulations.

6.50.030 Authorized investments for municipal funds; requirements for certificates of deposit.

6.50.040 Applicability of chapter to Anchorage Telephone Utility.

6.50.050 Investment of deferred compensation plan assets.

6.50.060 MOA Trust Fund.

### **6.50.030 Authorized investments for municipal funds; requirements for certificates of deposit.**

A. *Definitions.* For the purposes of this section, unless the context otherwise requires:

*Bank* means a state or federally chartered commercial or mutual bank, savings and loan association or credit union located in the United States and having insurance of accounts through the appropriate federal insuring agency of the United States.

*Broker* means a person or firm, other than a bank, engaged in the business of effecting transactions in securities for the account of others or for its own account. Under this chapter, a broker must be a primary dealer (as so recognized by the Federal Reserve Bank of New York) or have an office in Anchorage.

*Capital* means combined capital, surplus and undivided profits including reserves for loan losses when applied to commercial banks or stock savings and loan associations and means reserves and undivided profits including reserves for loan losses when applied to mutual banks, mutual savings and loan associations or credit unions.

*Certificate of deposit* means a nonnegotiable certificate of deposit or other depository agreement issued or to be issued to the municipality by a bank.

*Loan* means a loan secured by a first deed of trust on real property located in the state.

*Rated bank* means:

- a. A bank whose short term debt issues are rated at least A-1, P-1 or whose long term debt issues are rated at least A by Standard and Poor's or Moody's Investors Service or the equivalent by a nationally recognized rating service; or
- b. A bank whose letters of credit secure third-party debt issues rated at least A or its equivalent by a nationally recognized rating service; or
- c. A bank which is a subsidiary of a one-bank holding company all of whose commercial paper has the highest rating given by a nationally recognized rating service or whose long term debt issues are rated at least A or its equivalent by a nationally recognized rating service.

*Securities* means any authorized investment listed in subsection B. of this section

B. *Authorized investments.* In order to provide maximum security for the investment of public funds and to provide the greatest interest revenue consistent with safety, only the following investments of the municipality's funds will be authorized:

1. Obligations of, or obligations insured or guaranteed by, the United States or an agency or instrumentality of the United States.

2. Commercial paper with no more than nine-month maturities issued by corporations or businesses and having the highest rating of a nationally recognized rating service.
  3. Banker's acceptances accepted by a rated bank and eligible for rediscount with or purchase by Federal Reserve System banks.
  4. Negotiable certificates of deposit issued by rated banks.
  5. Certificates of deposit secured as provided in subsection C of this section, and:
    - a. Issued by banks with a main or branch office within the municipality; or
    - b. Issued by a rated bank.
  6. Repurchase agreements secured by obligations insured or guaranteed by the United States or agencies or instrumentalities of the United States
  7. Federally insured deposits in banks with a main or branch office within the municipality.
  8. Corporate bonds which are rated AA or higher or the equivalent as measured by Standard and Poor's or Moody's Investors Service.
  9. Money Market Mutual Funds consisting of any or all of the securities authorized for investment in subSection 6.50.030B.1. through 8. of this section
- C. *Collateral required to secure certificates of deposit.*
1. *Eligible collateral.* Payments of the principal and interest due upon maturity of a certificate of deposit in excess of insurance of accounts through the appropriate federal insuring agency of the United States must be secured by collateral valued as set forth in this subsection 1, and conforming to the other requirements of this subsection C.
    - a. The following collateral will be valued at current market value determined by the bank (subject to audit by the municipality) in a manner consistent with that used by the bank in preparing its federal and state bank reports, on the date of pledge and reevaluated at the then-current market value as of the end of each calendar quarter:
      - (1) Obligations of, or obligations insured or guaranteed by, the United States or an agency or instrumentality of the United States.
      - (2) General obligation bonds and notes issued and insured or guaranteed by the state, an agency or instrumentality of the state, or other political subdivision of the state.
      - (3) Revenue bonds issued by the state, an agency or instrumentality of the state, or the municipality.
      - (4) Revenue bonds issued by other political subdivisions of the state which are rated at least A or its equivalent by a nationally recognized rating service.
      - (5) Corporate debt securities rated at least AA or its equivalent by a nationally recognized rating service.
      - (6) General obligation bonds issued by states and municipalities in the United States outside of Alaska rated at least A or its equivalent by a nationally recognized rating service
    - b. The following collateral will be valued at its outstanding principal balance each month:
      - (1) The insured portion of a federally insured or guaranteed loan.
      - (2) A private mortgage-insured loan secured by property located in the state, provided the private mortgage insurance company is licensed under the Alaska Insurance Code to do business in the state.
    - c. Uninsured loans or uninsured portions of loans will be valued at 75 percent of the outstanding principal balance each month ( $0.75 \times$  outstanding principal balance).
    - d. Negotiable certificates of deposit issued by rated banks will be valued at 83 percent of principal ( $0.83 \times$  principal).
  2. *Loan restrictions.* The following restrictions apply to loans pledged by a bank as collateral to secure certificates of deposit:
    - a. Loans shall not secure in excess of 60 percent of the principal and interest due upon maturity of certificates of deposit
    - b. The outstanding loan balance on the date of pledge of any one loan pledged as collateral by a bank shall not exceed 15 percent of the bank's capital.

c. A loan delinquent in the payment of either principal or interest or otherwise in default, a loan whose term of payment has been extended, or a loan that has been classified by internal or external auditors or state or federal banking regulators shall not be eligible collateral.

3. *Ownership and encumbrance of collateral.* Pledged collateral must be owned by the bank and, except for the assignment required under subsection C.5 of this section, the bank must keep the pledged collateral free and clear of liens, security interests or encumbrances and will not release, assign, sell, mortgage, lease, transfer, pledge or grant a security interest in, encumber, substitute or otherwise dispose of or abandon any part or all of the pledged collateral without the written authorization of the municipality.

4. *Substitution of collateral.*

a. Notwithstanding any other provisions of this section, the municipality reserves the right to review from time to time any and all collateral proposed or submitted by a bank to secure certificates of deposit, and, if the municipality determines that the collateral does not meet the requirements of this section or otherwise determines that the public funds are not adequately secured by the collateral, the municipality may demand additional collateral or a substitution of collateral

b. If:

(1) The aggregate value of the federally insured portions of certificates of deposit and the value of pledged collateral as determined pursuant to subsection C 1 of this falls below or is less than the total amount of principal and interest due upon maturity of certificates of deposit issued by a bank;

(2) A loan shall become ineligible as collateral by reason of it being more than 60 days delinquent in payment of principal or interest, being otherwise in default, being extended or being classified by internal or external auditors or state or federal banking regulators; or

(3) Any other property pledged by the bank no longer is eligible as collateral to secure the certificates of deposit,  
the bank shall, within three business days, notify the municipality in writing of such decline in value or delinquency and pledge either additional or substitute collateral meeting the requirements of this section.

5. *Security agreement; tri-party agreement.*

a. A bank issuing certificates of deposit shall enter into a security agreement with the municipality for all loans or other property pledged as collateral, which shall assign to the municipality the bank's interests in the loans and other property. The security agreement will identify all loans and other property pledged to the municipality, and set out the authority of the municipality to demand a substitution of collateral, to exercise assignment or other rights under the security agreement or to take other action as provided under subsection C 7 of this section. The security agreement and arrangements and maintenance therefor will be at the expense of the bank issuing the certificates of deposit.

b. With the exception of loans, collateral pledged by a bank shall be kept in escrow accounts with another bank (the "escrow bank") acceptable to the municipality pursuant to an agreement between the bank, the escrow bank and the municipality, which agreement shall give the municipality control over pledged collateral submissions to and withdrawals from the escrow account. The receipt of the collateral by the escrow bank shall be further evidenced by a depository receipt received by the municipality within a reasonable time following award of the bid or notification or demand for substitute collateral. The escrow agreement and arrangements and maintenance therefor will be at the expense of the bank that issued the certificates of deposit

6. *Reports; access to records.*

a. A bank bidding on certificates of deposit or which has outstanding certificates of deposit shall provide the municipality within 45 days of the end of each fiscal quarter a copy of its balance sheet prepared in accordance with generally accepted accounting principles

consistently applied, or, if a bank does not prepare its reports in accordance with generally accepted accounting principles, such reports prepared in accordance with state or federal regulatory requirements.

b. On or before the tenth day of each month, a bank which has outstanding certificates of deposit shall deliver to the treasurer of the municipality a list prepared as of the last day of the previous month and certified by an officer of the bank setting forth the then-current principal balance of loans and negotiable certificates of deposit pledged. On or before the 21st day of each month a list shall be provided setting forth the current market value of other pledged collateral determined as of the end of a calendar quarter ending 45 days prior to the end of the month for which the report is due. A bank will provide such other information which the municipality may require from time to time with at least seven days' notice to the bank.

c. The municipality will, to the extent not expressly prohibited by law, at all times during normal business hours have free access to, the right of inspection of, and the right to make extracts from, any records of the bank relating to part or all of the collateral, and the bank will deliver to the municipality the originals or true copies of such papers and instruments relating to any or all of the collateral as the municipality may request.

d. Upon request, a bank bidding on certificates of deposit or which has outstanding certificates of deposit shall provide the municipality with reports of examinations by state or federal regulatory agencies, and reports by the bank's independent auditors.

7. *Noncompliance.* If a bank defaults in the payment of principal or interest due upon maturity of a certificate of deposit, or otherwise fails to comply with the provisions of this section, including the security and escrow agreements provided for in subsection C 5 of this section, the municipality may:

a. Call all or a portion of the certificates of deposit issued by the bank;

b. Sell, exchange, transfer or otherwise dispose of the pledged collateral to recover the principal and interest due upon maturity of the certificate of deposit and all costs incurred by the municipality as a result of such sale, exchange, transfer or disposal;

c. Take other action available under the security and escrow agreements provided for in subsection C.5 of this section; or

d. Take other action available to it at law or equity.

To the extent not prohibited by law, the bank shall hold the municipality harmless from any forfeiture or loss of interest or other penalty or cost, including attorneys' fees, imposed upon or incurred by the municipality by reason of its early withdrawal of any or all certificates of deposit issued by the bank.

D. *Certificate of deposit restrictions.* After reviewing a bank's financial position and determining that such a limit is necessary to ensure the safety of municipal funds, the municipality may limit any increase in the total amount of principal and interest due upon maturity of all certificates of deposit issued by that bank.

E. *Bid provisions for securities.* Notwithstanding any provision of Title 7 to the contrary, the municipality in electing to invest in securities shall solicit bids in accordance with the procedures set forth in this subsection. The municipality will not be required to obtain bids for any other type of investment authorized by this section.

1. Notices to bid shall be delivered in person or by mail, or by other electronic means, including telephone, authorized by the municipality to:

a. Those eligible banks with offices in the municipality and brokers which have offered bids or provided the municipality with a written statement of interest to receive notices to bid within six months preceding the date of notice; and

b. Such other eligible banks and brokers as the municipality may select

Except as set forth in this subsection no bank or broker shall have a right to receive notices to bid.

2. Notices to bid shall set forth:

- a. The principal amount and the maturity date for which the bid is being solicited;
- b. The date, time and place of bid openings; and
- c. Such other information as the municipality from time to time may deem necessary or appropriate.

The municipality reserves the right to cancel any or all notices to bid in whole or in part for any reason at any time, and the cancellation of a notice to bid will be binding on the banks and brokers submitting bids.

3. Bids may be delivered to the municipality in person or by mail, or by other electronic means, including telephone or fax, as authorized by the municipality. No bid or an amendment to a bid will be accepted after the time set forth in the notice. If no bids are received, the municipality may negotiate the security with any eligible bank or broker.

4. Bids shall be submitted separately for each security identified by amount and maturity date. Unless otherwise specified by the municipality, interest rates bid shall be a rate per annum calculated on a 360-day year. Bids for portions of securities may be accepted by the municipality in its discretion.

5. The municipality in its discretion may deny eligibility to bid on any future offering to any bank or broker which:

- a. At the time of bid offering or at any previous time has violated this section with regard to a security, or which rejected a bid award after its acceptance by the municipality; or
- b. If awarded the bid, the bank would have outstanding certificates of deposit whose total amount of principal and interest due exceeds a limit established for that bank under subsection D of this section.

6. The municipality reserves the right to accept or reject any or all bids in whole or in part for any reason. A rejection of a bid shall be binding on the bank or broker.

7. A bank or broker awarded a bid must honor its commitment to issue the security pursuant to the terms of this section, the invitation to bid and its bid.

8. If identical bids are received from two or more bidders and the municipality is otherwise prepared to accept both bids, then the security will be divided equally among such bidders if the divided security amount would not result in loss of interest. If the division of the security would result in loss of interest, then the security will be awarded by lot to one of the banks or brokers submitting the identical bids.

9. The municipality may from time to time establish by regulation pursuant to Chapter 3.40 written bidding procedures and requirements in addition to those requirements set forth in this section.

(AO No. 82-200(S); AO No. 97-60, § 1, 7-22-97)

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.

4  
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.


8  
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.

14  
15        PASSED AND APPROVED by the Anchorage Assembly this 21<sup>st</sup> day of  
16 March, 2005.

17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49

  
Chair

ATTEST:

  
Municipal Clerk



Submitted by: Assemblymember Begich  
Prepared by: Clerk's Office  
For reading: July 27, 1993

CLERK'S OFFICE

APPROVED

Date: 7-27-93

ANCHORAGE, ALASKA  
AR NO. 93-187(S-1)

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52

A RESOLUTION OF THE ANCHORAGE MUNICIPAL ASSEMBLY TO DEVELOP A  
POLICY FOR INVESTMENT MANAGERS TO DIRECT BROKERAGE BUSINESS,  
COMMISSIONS, AND TRANSACTIONS TO ANCHORAGE BRANCH OFFICES OF  
BROKERAGE FIRMS IN ALASKA

WHEREAS, the Municipality has an obligation to taxpayers  
and ratepayers to ensure investment returns on Municipal funds are  
maximized consistent with safety of principal and investment  
expenses are minimized; and

WHEREAS, there is a need for the Municipality to  
strengthen our relationship with the Anchorage financial community  
to provide better service for Anchorage residents; and

WHEREAS, whenever possible it is in the best interest of  
the community to keep Anchorage dollars in Anchorage; and

WHEREAS, the Municipality should encourage and promote  
"local hire" of Alaskans and lead by example in "buying Alaska"  
whenever possible; and

WHEREAS, when "all other things are equal", we should  
encourage the direction of Municipal business toward local hire  
which promotes economic development in Anchorage.

NOW, THEREFORE, the Anchorage Municipal Assembly  
resolves:

Section 1: That the Municipality adopt a policy  
requiring its employees and investment managers, when "all other  
things are equal", to direct brokerage business, underwriting,  
commissions, and transactions for cash pool investments to  
Anchorage branch offices of brokerage firms in Alaska.

Section 2: That the Anchorage Police and Fire Retirement  
Board investment managers should continue to comply with the  
existing board policy of doing business in Alaska "when all other  
things are equal".

Section 3: That the Administration develop a list of the  
brokerage firms and the office locations utilized by the  
Municipality.

AM 855-93

1        Section 4: That quarterly reports of brokerage and  
2 investment firm's location and dollar volume and commissions be  
3 reported to the Assembly effective with 4th quarter 1993.  
4

5        PASSED AND APPROVED by the Anchorage Assembly this 27th  
6 day of July, 1993.  
7

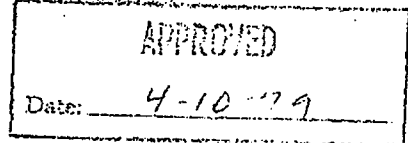
8  
9  
10 ATTEST:  
11

  
Chairman

12  
13  
14  
15   
16 Municipal Clerk  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52

Requested by: Chairman of the Assembly  
at the request of the Mayor  
Prepared by: Department of Finance  
For Reading: April 10, 1979

ANCHORAGE, ALASKA  
AR NO. 79-54



A RESOLUTION DESIGNATING DEPOSITORIES AND AUTHORIZING THE SIGNING AND ENDORSEMENT OF CHECKS AND RESCINDING AR 77-83.

THE ASSEMBLY OF ANCHORAGE RESOLVES:

Section 1. That all banks within the Municipality are hereby selected as depositories for the funds of the Municipality and that a bank account, or accounts, may be opened and kept with said banks in the name of this Municipality under the following designation: MUNICIPALITY OF ANCHORAGE; and further that the Chief Fiscal Officer and/or Treasurer shall have the authority to establish new bank accounts for checking purposes, trust account purposes or investment purposes in the name of the Municipality. A report of all Municipal monies and investments shall be submitted to the Municipal Assembly monthly, such reports indicating all Municipal depositories. Endorsement for deposit may be made by the written or stamped endorsement of the Municipality without designation of the person making the endorsement.

Section 2. The new Municipality of Anchorage has been created under the provisions of the laws of the State of Alaska and succeeds to all assets and liabilities of the former Greater Anchorage Area Borough, former City of Anchorage, former City of Girdwood and former City of Glen Alps; and whereas the home rule charter was passed and approved by the voters of the Greater Anchorage Area Borough on the 9th day of September 1975, thereby all checks drawn to the former governments are hereby authorized to be deposited and endorsed in the name of the MUNICIPALITY OF ANCHORAGE.

Section 3. That all depositories within the banks as indicated in #1 above be and are hereby authorized to honor any paychecks or other orders for the payment of money drawn in the name of the Municipality when signed by the Mayor and counter-signed by the Municipal Treasurer or the Receipts & Custody Supervisor, in the absence of the Treasurer, and that said banks be and they are hereby authorized and directed to honor, pay and charge to any or all of the above designated accounts of this Municipality all checks and orders for the payment of money so drawn, when so signed, without inquiring as to the circumstances of their issue, or the disposition of their proceeds; and banks are not to honor checks or orders (1) payable to cash, (2) endorsed payable to order of the Mayor, Municipal Treasurer, or Receipts & Custody Supervisor, or (3) payable to order of the Mayor, Municipal

Treasurer, or Receipts & Custody Supervisor when signed by the payee only. Other signatures on certain limited accounts not to exceed \$20,000 may be honored by a bank when authorized by the Chief Fiscal Officer and/or Treasurer.

Section 4. That the Municipality does hereby agree that the conditions printed on the deposit tickets and in passbooks shall apply to all items other than cash which the bank may receive from this Municipality on deposit or for collection.

Section 5. That the Chief Fiscal Officer is hereby authorized to obtain from the banks current accounting of balances within any depository regarding demand accounts, investment accounts, trust accounts and escrow accounts of the Municipality inclusive of any and/or all Municipal fund activities.

Section 6. That all securities of the Municipality maintained within safety deposit boxes within any authorized banks shall not be opened and inspected by those authorized to sign checks without the presence of the Chief Fiscal Officer or the Municipal Controller during the absence of the Chief Fiscal Officer.

Section 7. That the foregoing authorizations shall be continuing ones and shall continue and not be exhausted by their exercise but shall remain in effect until revoked by a resolution of the Municipal Assembly of this Municipality and until a certified copy of such revoking resolution has been received by said banks.

Section 8. That all prior resolutions relating to any of the above matters pertaining to any and all prior governments of the Municipality be and they are hereby revoked.

Section 9. That in the absence of the Municipal Treasurer, the Receipts and Custody Supervisor will be authorized to countersign and/or endorse Municipal checks.

Section 10. That the Mayor, Municipal Treasurer, and Receipts & Custody Supervisor are hereby authorized to certify to said banks a copy of this resolution. We further certify that the following are those duly elected or appointed to the office set opposite their respective names:

<u>Name</u>	<u>Title</u>
George M. Sullivan	Mayor
Helen L. Garland	Municipal Treasurer
Ellen B. Bonnett	Receipts & Custody Supervisor

For provisions of #1, #5 and #6 of this resolution:

<u>Name</u>	<u>Title</u>
Robert M. Nelson	Chief Fiscal Officer

For provision of #6 of this resolution:

<u>Name</u>	<u>Title</u>
Jack Farleigh	Municipal Controller

This resolution is effective immediately except that implementation of the signature requirements will be implemented upon receipt of the signature plates. The current existing procedures will apply within the interim period.

Passed and approved by the Anchorage Assembly, this 10th day of April, 1979.

Chairman

ATTEST:

Acting Municipal Clerk

**Content Information****Content ID :** 004473**Type:** Ordinance - AO**Title:** An Ordinance Repealing & Re-enacting AMC Section 6.50.030, Finance**Author:** pruittns**Initiating Dept:** Finance**Keywords:** Repealing Code 6.50.030, Investments, Code Changes, Ordinance**Date Prepared:** 10/5/06 4:54 PM**Director Name:** Jeffrey Sinz**Assembly Meeting Date**  
**MM/DD/YY:** 10/17/06**Public Hearing Date**  
**MM/DD/YY:** 10/31/06

2006 OCT - 6 PM 3:55  
M.O.A.  
CLERKS OFFICE

**Workflow History**

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOrdinanceWorkflow	10/5/06 4:57 PM	Checkin	pruittns	Public	004473
AllOrdinanceWorkflow	10/5/06 6:08 PM	Reject	sinzje	Public	004473
AllOrdinanceWorkflow	10/6/06 8:51 AM	Checkin	pruittns	Public	004473
Finance_SubWorkflow	10/6/06 9:00 AM	Approve	sinzje	Public	004473
OMB_SubWorkflow	10/6/06 11:48 AM	Approve	mitsonjl	Public	004473
Legal_SubWorkflow	10/6/06 12:01 PM	Approve	fehlenrl	Public	004473
MuniManager_SubWorkflow	10/6/06 12:48 PM	Checkin	pruittns	Public	004473
MuniManager_SubWorkflow	10/6/06 3:13 PM	Approve	leblancdc	Public	004473
MuniMgrCoord_SubWorkflow	10/6/06 3:20 PM	Approve	abbottmk	Public	004473