

Submitted by: Chair of the Assembly at
the Request of the Mayor
Prepared by: Finance Department
For reading: October 17, 2006

CLERK'S OFFICE
APPROVED

ANCHORAGE, ALASKA

Date: 10-31-06

AO No. 2006- 147

**AN ORDINANCE AUTHORIZING THE MUNICIPALITY TO BE A MEMBER
AND PARTICIPANT IN THE ALASKA MUNICIPAL LEAGUE INVESTMENT
POOL, INC., APPROVING THE STANDARD TERMS AND CONDITIONS OF
A COMMON INVESTMENT AGREEMENT, AND AUTHORIZING FUND
TRANSFERS FOR INVESTMENT.**

WHEREAS, public entities in Alaska, i.e., political subdivisions of the State of Alaska including municipalities, school districts, and regional educational attendance areas, are generally unable to receive returns on investments of short-term excess funds at levels available to investors having larger amounts of funds to invest; and

WHEREAS, AS 37.23.010 – 37.23.900 (“Alaska Investment Pool Act”), enacted by the 1992 Alaska Legislature, provides a means for public entities to join together in an arrangement intended to allow the combination of short-term excess funds for a higher yield on those funds; and

WHEREAS, the Alaska Municipal League created the Alaska Municipal League Investment Pool, Inc., an Alaska nonprofit corporation (“Corporation”), pursuant to AS 37.23.010 et seq. (Alaska Investment Pool Act) to create investment management and other services to public entities; and

WHEREAS, the Corporation provides for the pooling of funds of public entities with membership in the Corporation and seeks returns on investments of those funds commensurate with market conditions; and

WHEREAS, the Municipality is a public entity, as defined in the Alaska Investment Pool Act, and may wish to become a member and participate in the investment and other services provided through the Corporation; and

WHEREAS, in order to become a member and participate in the investment pool, the Corporation requires an ordinance from the public entity’s governing body; now therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Authorization for Membership and Participation. The Municipality is hereby authorized to become a Member of the Corporation and participate in the investment pool. The Mayor or his designee is authorized to execute those documents necessary to establish the Municipality as a member of the Corporation, with no further approval or authorization required by the Assembly.

Section 2. Approval of the Common Investment Agreement. The standard terms of the Alaska Municipal League Investment Pool, Inc. Common Investment Agreement, attached hereto as Exhibit A, including the investment objectives and purposes contained within the Agreement, as amended or revised from time to time, are hereby approved. In the event the Municipality becomes a Member of the Corporation, it shall accept and be bound by the terms and conditions of the Agreement, and Articles of Incorporation and Bylaws of the Corporation, attached hereto as Exhibits B and C, and incorporated by reference.

Section 3. Authorization of Investments. The Mayor shall designate a municipal officer or municipal employee to be responsible for the investment of public funds of the Municipality, pursuant to Anchorage Municipal Code chapter 6.50. Such designee is authorized to transfer public funds of the Municipality to the Corporation for placement in the Alaska Municipal League Investment Pool ("Pool"), provided such funds are invested in accordance with the terms of the Agreement and the investment policies set forth in the Agreement. All such transfers shall be made in accordance with the procedures adopted by the Municipality.

Section 4. Termination of Membership and Agreement. The Municipality's membership in the Corporation and participation in the Pool under the terms of the Agreement shall continue until such membership and participation is terminated, by written notice to the Corporation, or by adoption of an ordinance terminating membership and participation, whichever first occurs.

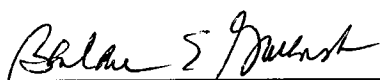
Section 5. Further Acts. The Mayor, or his/her designee, is hereby authorized to take any and all action necessary to enter into the Agreement and the joint investments in the Pool, to carry on the membership of the Municipality in the Corporation, and to perform any obligations of the Municipality under that membership and the Agreement.

Section 6. Effective Date of Ordinance. This ordinance shall become effective immediately upon its passage and approval by the Assembly.

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


Chair of the Assembly

ATTEST:


Municipal Clerk

Exhibits: Standard Alaska Municipal League Investment Pool (AMLIP) Common Investment Agreement, including Exhibit A and Exhibit B

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- General Government

AO Number: 2006- 147

Title: AN ORDINANCE AUTHORIZING THE MUNICIPALITY TO BE A MEMBER AND PARTICIPANT IN THE ALASKA MUNICIPAL LEAGUE INVESTMENT POOL, INC., APPROVING THE STANDARD TERMS AND CONDITIONS OF A COMMON INVESTMENT AGREEMENT, AND AUTHORIZING FUND TRANSFERS FOR INVESTMENT.

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>
Operating Expenditures					
1000 Personal Services	\$ -	\$ -	\$ -	\$ -	\$ -
2000 Non-Labor					
3900 Contributions					
4000 Debt Service					
TOTAL DIRECT COSTS:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Add: 6000 Charges from Others					
Less: 7000 Charges to Others					
FUNCTION COST:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
REVENUES:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CAPITAL:					
POSITIONS: FT/PT and Temp					

PUBLIC SECTOR ECONOMIC EFFECTS:

The attached Ordinance authorizes and provides for the execution of a common investment agreement among political subdivisions of the State of Alaska and to authorize the Municipality of Anchorage to become a member of and to invest funds of the Municipality in the Alaska Municipal League Investment Pool, Inc. This membership has been recommended by outside advisors and MOA staff. It is difficult to quantify future investment returns from possible participation in the Investment Pool since investment of municipal funds in the pool will be determined by the circumstances of future interest rate environments.

PRIVATE SECTOR ECONOMIC EFFECTS:

No effects.



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 768-2006

Meeting Date: October 17, 2006

From: Mayor Mark Begich

Subject: AN ORDINANCE AUTHORIZING THE MUNICIPALITY TO BE A MEMBER AND PARTICIPANT IN THE ALASKA MUNICIPAL LEAGUE INVESTMENT POOL, INC., APPROVING THE STANDARD TERMS AND CONDITIONS OF A COMMON INVESTMENT AGREEMENT, AND AUTHORIZING FUND TRANSFERS FOR INVESTMENT

The ordinance authorizes the Municipality to become a member of and to invest funds of the Municipality in the Alaska Municipal League Investment Pool, Inc. (AMLIP). The creation of AMLIP is authorized by AS 37.23.010 et seq., known as the Alaska Investment Pool Act. AMLIP's standard Common Investment Agreement requires a municipality desiring to participate in an investment pool to obtain the consent of the municipal assembly through an ordinance authorizing membership and participation.

Concurrent with this ordinance, a separate ordinance to implement the recommended investment policies proposes to repeal and re-enact Anchorage Municipal Code (AMC) section 6.50.030, Investment Guidelines for Municipal Funds. The newly proposed and modified guidelines, discussed in further detail in the ordinance describing the code amendments, include investment in AMLIP as an "Authorized Investment".

AMLIP's Common Investment Agreement, its Articles of Incorporation and its Bylaws accompany the ordinance, and describe in further detail the terms and conditions of the Municipality becoming a member of and participating in AMLIP. The Mayor plans to designate the Chief Fiscal Officer as the municipal officer authorized under the AMLIP Common Investment Agreement.

THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE AUTHORIZING THE MUNICIPALITY TO BE A MEMBER AND PARTICIPANT IN THE ALASKA MUNICIPAL LEAGUE INVESTMENT POOL, INC., APPROVING THE STANDARD TERMS AND CONDITIONS OF A COMMON INVESTMENT AGREEMENT, AND AUTHORIZING FUND TRANSFERS FOR INVESTMENT.

Prepared by: Ross Risvold, Public Finance & Investments Manager,
Finance Department

Approved: Jeffrey E. Sinz, Chief Fiscal Officer

Concurrence: James N. Reeves, Municipal Attorney

Concurrence: Denis C. LeBlanc, Municipal Manager

Respectfully submitted: Mark Begich, Mayor

**Public Entities that have entered into the Alaska Municipal League
Common Investment Agreement***

Aleutians East Borough	City of Akutan
City of Atkasuk	City of Barrow
City of Bethel	City of Chignik
Chignik Electric	City of Eek
City of Elim	City of Fairbanks
Fairbanks North Star Borough	City of False Pass
City of Fort Yukon	City of Galena
Haines Borough	City of Homer
City and Borough of Juneau	City of Kenai
Kenai Peninsula Borough	City of Kodiak
Kodiak Island Borough	City of Marshall
Matanuska-Susitna Borough	City of Nenana
City of Petersburg	City of Sand Point
City and Borough of Sitka	City of Soldotna
City of St. Paul	City of Tenakee Springs
City of Unalakleet	City of Unalaska
City of Wasilla	City & Borough of Yakutat

Through March 31, 1999



INVESTMENT POLICY FOR THE ALASKA MUNICIPAL LEAGUE INVESTMENT POOL, INC.

Purpose

The purpose of the Alaska Municipal League Investment Pool ("Pool") is to provide a means for eligible political subdivisions of the State of Alaska ("Public Entities") to secure the maximum investment return consistent with the preservation of capital and liquidity by pooling money temporarily available for investment. To accomplish this purpose, the Alaska Municipal League ("AML") has formed the Alaska Municipal League Investment Pool, Inc. ("Corporation").

Authority for Organization

The Corporation was incorporated under the Alaska Nonprofit Corporations Act (AS 10.20) and further established in accordance with the Alaska Investment Pool Act (AS 37.23.010-37.23.900). The Corporation's membership is limited to Public Entities, i.e., political subdivisions of the State of Alaska, including municipalities and their subdivisions, school districts and regional educational attendance areas.

The Pool was established by the Corporation in accordance with the provisions of the Alaska Investment Pool Act and in accordance with the Alaska Municipal League Investment Pool, Inc. Common Investment Agreement ("Agreement"). Participation in the Pool is open on a voluntary basis to Public Entities who become members of the Corporation and execute an Agreement, subject to the provisions of the Articles of Incorporation and Bylaws of the Corporation.

Investment Objectives

The investment objectives of the Pool in order of priority are as follows:

- (1) **Preservation of Capital** - The Pool seeks to preserve the capital investment of all participants through prudent management and adoption of investment policies and restrictions.
- (2) **Liquidity** - The Pool seeks to meet participants' needs for cash by maintaining a high level of portfolio liquidity and investing in readily marketable securities.
- (3) **Return** - The Pool seeks to attain the highest level of current income consistent with the objectives of preservation of capital and liquidity.

Authorized Investments

The Pool seeks to achieve its investment objectives by limiting its investments to instruments described below. All investments must comply with the statutory requirements of the Alaska Investment Pool Act and are limited to the following:

- (1) Obligations of the United States and of an agency or instrumentality of the United States.
- (2) Repurchase and reverse repurchase agreements secured by obligations of the Treasury of the United States and obligations of an agency or instrumentality of the United States.
- (3) Certificates of deposit, bankers acceptances and other similar obligations of a bank domiciled in the United States that has
 - (a) Outstanding debt rated A or higher by at least one of the nationally recognized rating services (includes dollar-denominated obligations issued by U.S. branches of foreign banks, provided the debt of the parent is rated A or higher) and
 - (b) A combined capital and surplus aggregating at least \$500,000,000.
- (4) Commercial paper and other short-term taxable instruments that, at the time of investment, maintain the highest rating by at least two nationally recognized rating services.
- (5) Obligations of a corporation domiciled in the United States or obligations of a municipality that are taxable under federal law, if the obligations are rated A or higher by at least two nationally recognized rating services at the time of investment.
- (6) Collateralized certificates of deposit that are issued by a state or federally chartered financial institution that is a commercial or mutual bank, savings and loan association or credit union and, if the institution's accounts are insured through the appropriate federal insuring agency of the United States, regardless of whether the institution meets the requirements of item (3) above.
- (7) Money market mutual funds in which the securities of the mutual fund consist of obligations listed in this section and otherwise meet the requirements of this Investment Policy.
- (8) Other cash equivalent investments with a maturity date of one year or less after date of the investment that are of similar quality to those listed in items (1) - (7) above, are rated A or higher by at least one of the nationally

recognized rating services and are approved by the Public Entities participating in the Pool.

The Pool has also adopted the following policies and restrictions:

- (1) The management and investment of assets by the Pool will be done with the care, skill, prudence and diligence under the circumstances then prevailing that an institutional investor would use in the conduct of an enterprise of a like character and with like aims.
- (2) The Pool will only purchase securities with a remaining maturity within 13 months of the date of purchase, except that floating rate securities with a final maturity date that is longer than 13 months may be purchased if they are subject to at least an annual reset. In the case of a money market fund, the dollar-weighted average maturity of the portfolio will be 90 days or less.
- (3) At the time of purchase, no more than 5 percent of the Pool's net assets will be invested in securities of any one issuer, unless the securities are an obligation of or guaranteed by the United States.
- (4) The investments of the Pool will not include transactions in futures, options, derivative securities or short sales.
- (5) Investments in certificates of deposit under item (6) above and the entire amount of principal and interest payable upon maturity of the certificates must be collateralized by a combination of securities that are marked to market at least monthly and have maturity dates comparable to the certificates of deposit being collateralized but in no event exceed five years. Only the following securities may serve as collateral:
 - (a) Obligations of the United States with a maturity date of five years or less after the date of the pool's investment transaction, and with a market value of at least 102 percent;
 - (b) Securities in United States agencies or instrumentalities that are actively traded, other than mortgage pass-through securities, with a maturity date of
 - (i) One year or less after the date of the pool's investment transaction, and with a market value of at least 103 percent or
 - (ii) More than one year and less than five years after the date of the pool's investment transaction, and with a market value of at least 107 percent;

- (c) Mortgage pass-through securities issued by the Government National Mortgage Association with a market value of at least 120 percent and
- (d) Obligations of the State of Alaska or its political subdivisions secured by the full faith, credit and taxing power of the state or its political subdivisions, rated A or higher by at least one of the nationally recognized rating services, with a maturity date of
 - (i) One year or less after the date of the Pool's investment transaction, and with a market value of at least 102 percent or
 - (ii) More than one or less than five years after the date of the Pool's investment transaction, and with a market value of at least 107 percent.
- (6) A financial institution will not release, assign, sell, mortgage, lease, transfer, pledge or grant a security interest in, encumber, substitute or otherwise dispose of or abandon all or any part of pledged collateral without prior written authorization of the Pool.
- (7) While the Pool purchases securities with the intention of holding them to maturity, it may, from time to time, engage in portfolio trading in an attempt to increase the total return on assets. In addition, cash flows into and out of the Pool may be substantial in relation to total assets of the Pool. For these reasons, the Pool may have a substantial portfolio turnover rate.
- (8) The Pool invests only in those issuers whose credit worthiness and compliance with the applicable statutes and policies has been reviewed and found satisfactory by the investment manager.

Net Asset Value

The net asset value per unit of the Pool will be calculated by adding the value of all portfolio securities and other assets, deducting its actual and accrued liabilities and dividing by the number of units outstanding. It is the intention of the Pool to maintain the net asset value per unit at \$1.00.

The Pool's portfolio assets are valued on the basis of the amortized or accreted cost valuation technique. This method involves valuing an instrument at its cost and thereafter assuming a constant amortization to maturity of any discount or premium, regardless of the impact of fluctuating interest rates on the market value of the instrument. While this method provides certainty of valuation, it may result in periods during which value, as determined by amortized or accreted cost, is higher or lower than the price the Pool would receive if it sold the instrument. The Pool has established policies to stabilize, to the extent reasonably possible, the price per unit at \$1.00. These policies include

regular review of the market value of the Pool's portfolio holdings by the Corporation and the right of the Corporation to take corrective action, including sale of instruments prior to maturity to realize capital gains or losses, withholding of dividends or redemption of units in kind.

Although the Pool values its instruments on the basis of their amortized or accreted cost, certain occasions may arise on which the Pool sells some portfolio holdings prior to maturity. The proceeds realized by such a sale may be higher or lower than the original cost, thus resulting in a capital gain or loss. The Pool amortizes such gains and losses by adjusting the daily net income and distribution. Gains and losses will be amortized and distributed as soon as possible, but in no case will the period exceed one year.

Diversification

Investments will be diversified to minimize the risks of loss resulting from over-concentration of investments in a single maturity, a specific issuer, a specific class of security or a specific financial institution.

Safekeeping and Custody of Securities

All investments purchased by the Pool, and all securities pledged to the Pool as collateral, will be held directly by a third party custodial bank as agent for the Corporation in administering the Pool.

Reporting

The investment manager will submit to the Corporation and participants in the Pool monthly, quarterly and annual investment reports that describe the activities of the Pool including summaries of the portfolio in terms of investment transactions, maturities, risk categories, returns and other features. The annual report will include a disclosure statement on the management and operation of the Pool which will include an annual audit as of June 30 of that year. The audit will be performed by a certified public accountant licensed in Alaska who is not an employee of a participant in the Pool or a contractor or an employee of a contractor who performed investment services for the Pool.

Controls

The Corporation's external auditors will review or cause to be reviewed and evaluate, at least annually, administration of the Pool. Pool security transactions will be monitored on a regular basis by a neutral party external to the investment function to assure compliance with this policy.

Qualifications of Investment Managers and Other Institutions

The investment manager, custodian and other financial institutions who will provide investment and other services to the Corporation with regard to the Pool will be evaluated

on their ability to meet the objectives of this Investment Policy. Specifically the investment manager must be one or more of the following:

- (1) A securities broker-dealer registered under AS 45.55.030 of the Alaska Securities Act and under the federal Securities Exchange Act of 1934.
- (2) An investment adviser registered under AS 45.55.030 of the Alaska Securities Act and under the federal Investment Advisers Act of 1940.
- (3) The Alaska Department of Revenue.
- (4) A financial institution that is a state or federally chartered commercial or mutual bank, savings and loan association or credit union if the institution's accounts are insured through the appropriate federal insuring agency of the United States, and if the institution has trust powers under state or federal law.

The investment manager will evaluate the financial institutions (broker-dealers and banks) and other institutions which offer investment securities to the Corporation based on their ability to meet the objectives of this Investment Policy. Administrative procedures of the investment manager will require an analysis of the credit characteristics, capitalization, management policies, financial history, client references and other relevant information concerning the credit worthiness and competitiveness of each of these financial and other institutions.



COMMON INVESTMENT AGREEMENT OF ALASKA MUNICIPAL LEAGUE INVESTMENT POOL, INC.

RECITATIONS

WHEREAS, AS 37.23.010-37.23.900 of the Alaska Statutes ("Alaska Investment Pool Act") provides that a public entity may enter into an agreement with other public entities to form and manage an investment pool under which funds of the participating public entities are administered and invested jointly;

WHEREAS, the Alaska Investment Pool Act provides that a public entity, by itself or with other public entities, may form a nonprofit corporation for the purposes of managing an investment pool;

WHEREAS, the Alaska Investment Pool Act provides that a public entity participating in an investment pool or a nonprofit corporation formed for the purposes as set forth in that act may spend money reasonably necessary for the management of the pool, including the employment of staff, and that income from the investments of the pool may be used for management costs;

WHEREAS, the Alaska Investment Pool Act defines public entity to mean a political subdivision of the State of Alaska, including a municipality and its subdivisions, a school district, a regional educational attendance area or an organization composed of political subdivisions of the state;

WHEREAS, the Alaska Municipal League Investment Pool, Inc. has been formed as a nonprofit corporation under the Alaska Nonprofit Corporations Act (AS 10.20) with membership limited to political subdivisions of the State of Alaska, including a municipality and its subdivisions, a school district and a regional attendance area but not an organization composed of political subdivisions ("Public Entities");

WHEREAS, each of the initial participants ("Initial Participants") as identified at the end of this Agreement and included in the list of Participants given in Exhibit A to this Agreement is a Public Entity, and each person that subsequently becomes a signatory to this Agreement will be a Public Entity and desire to enter into this Agreement for the combined investment of public funds;

WHEREAS this Agreement is intended to be a joint agreement entered into pursuant to the Alaska Investment Pool Act for the purposes of better performing the Initial Participants' responsibilities and the responsibilities of Public Entities who subsequently become signatories to this Agreement to invest their public funds, as set forth in Section 2.1 of this Agreement;

WHEREAS, the governing body of each of the Initial Participants has duly adopted an ordinance (in the case of a municipality) or a resolution or other procedure (in the case of any other Public Entity) authorizing the respective Initial Participant to become a party to this Agreement, and each Public Entity which subsequently becomes a signatory to this Agreement will do so after its governing body has adopted an ordinance (in the case of a municipality) or a resolution or other procedure (in the case of any other Public Entity) authorizing the respective Public Entity to become a party to this Agreement;

WHEREAS, the governing body of each of the Initial Participants has adopted and each Public Entity which subsequently becomes a signatory to this Agreement will adopt the investment objectives and purposes as set forth in Article II of this Agreement and the Investment Policy as set forth in Exhibit B to this Agreement;

WHEREAS, the Initial Participants anticipate that other Public Entities may desire to invest public assets jointly with the Initial Participants or other Public Entities which become signatories to this Agreement: and

WHEREAS, the Alaska Municipal League has assisted in the incorporation of the Corporation to implement the provisions of the Alaska Investment Pool Act for the Initial Participants and other Public Entities which become signatories to this Agreement;

NOW, THEREFORE, the Initial Participants do hereby covenant and agree as follows: to have the Corporation manage and invest all monies, assets, securities, funds and property now or hereafter transferred to or held by it pursuant to this Agreement, all for the benefit of such Public Entities as may from time to time become Participants, and the Initial Participants do further declare their agreement to be bound and abide by the terms of this Agreement.

ARTICLE I - NAME AND DEFINITIONS

Section 1.1 Name of Pool. The monies, assets, securities, funds and property now or hereafter transferred to and held by the Corporation pursuant to this Agreement will be known as the Alaska Municipal League Investment Pool.

Section 1.2 Definitions. Wherever used within this Agreement, unless otherwise required by the context or specifically provided:

- (1) "Agreement" or "Alaska Municipal League Investment Pool, Inc. Common Investment Agreement" means this instrument executed by the Corporation and the Initial Participants and establishing the Pool, and will encompass any amendments to this Agreement which are duly approved pursuant to this Agreement, and will also encompass the written instruments by which Public Entities become parties to, or terminate their participation under, this Agreement;
- (2) "Alaska Investment Pool Act" means the Alaska Statute AS 37.23.010-37.23.900, as amended from time to time;
- (3) "Articles of Incorporation" means the Articles of Incorporation of the Corporation, as amended from time to time;
- (4) "Bylaws" means the Bylaws of the Corporation, as amended from time to time;
- (5) "Corporation" means the Alaska Municipal League Investment Pool, Inc.;
- (6) "Custodian" means the party identified in Section 5.7 of this Agreement with qualifications and duties as set forth in Article X of this Agreement;
- (7) "Directors" means the individual directors of the Board of Directors of the Corporation and their successor or successors for the time period during which they were in that office; and "Board of Directors" means the board of directors of the Corporation;
- (8) "Investment Adviser and "Investment Manager mean the parties with whom the Corporation has contracted on behalf of the Pool pursuant to Article VIII; and "Supervisory and Investment Adviser Agreement and Investment Management Agreement" refer to the agreements between the Corporation and the Investment Adviser and between the Corporation and the Investment Manager, respectively;
- (9) "Investment Officer" means an officer or employee of the Corporation or other person who will be designated in accordance with the provisions of Article XI of this Agreement;
- (10) "Investment Policy means the Investment Policy for the Alaska Municipal League Investment Pool attached to and incorporated into this Agreement as Exhibit B;

- (11) "Net Asset Value" means the net asset value of the Pool in the manner provided in Section 12.3 of this Agreement;
- (12) "Participant" means a party which has entered into this Agreement through due and proper authorization and which has not terminated such status and as listed in Exhibit A attached to and incorporated into this Agreement; and "Participation" refers to the status of an entity as a Participant;
- (13) "Pool" means the Alaska Municipal League Investment Pool;
- (14) "Public Entity" means a political subdivision of the State of Alaska, including a municipality and its subdivisions, a school district or a regional education attendance area;
- (15) "Series" means any subdivision of the assets of the Pool established in accordance with the provisions of Section 4.2 of this Agreement; and "Series Supplement" refers to the written document containing the terms of a certain Series; and
- (16) "Units" means the equal proportionate units of undivided beneficial interest in the assets of the Pool or of each Series from time to time, including fractions of Units as well as whole Units (which the Participants intend to maintain at a stable \$1.00 Net Asset Value, in accordance with Section 2.2(a)(4) of this Agreement); and "Unitholder" refers to a record owner of Units of the Pool or of a Series.

ARTICLE II - PURPOSE, OBJECTIVES

Section 2.1 Purpose. The purpose of this Agreement is to establish the terms for the joint investment of public funds by Public Entities pursuant to the terms of the Alaska Investment Pool Act, the Articles of Incorporation and the Bylaws. The purpose of the Pool is to provide a means for eligible Public Entities to invest temporarily available public funds.

Section 2.2 Objectives. (a) The general objectives of the Pool include:

- (1) Improving the efficiency and effectiveness of Participants in the investment of their public funds;
- (2) Minimizing administrative fees and transactional and other expenses of investing public funds;
- (3) Providing Public Entities with a continuous source of managed investments, within the limitations upon such investments prescribed by applicable law; and
- (4) Managing the assets of the Pool with the intent of maintaining a stable \$1.00 Net Asset Value for each whole Unit.

(b) The investment objectives of the Pool in order of priority are as follows:

- (1) Preservation of capital - seeking to preserve the capital investment of all Participants through prudent management and adoption of investment policies and restrictions;
- (2) Liquidity - seeking to meet the needs of Participants for cash by maintaining a high level of portfolio liquidity and investing in readily marketable securities; and
- (3) Return - seeking to attain the highest level of current income consistent with the objectives of preservation of capital and liquidity.

ARTICLE III - PARTIES TO AGREEMENT

Section 3.1 Eligibility. A Participant must be a member of the Corporation; provided that (1) no person will be allowed to become a member of the Corporation or a Participant if the Board of Directors, upon advice of legal counsel, determines that such membership or Participation would cause the income of the Pool to be subject to federal income taxation, and (2) the Board of Directors will have sole discretion to designate categories of Public Entities eligible to become Participants. In making a determination under this section, the Board of Directors, after obtaining the advice of legal counsel, will have final authority to determine the question.

Section 3.2 Entry Into Agreement. (a) A Public Entity determined to be eligible as a Participant under Section 3.1 of this Agreement may enter into this Agreement, without further action by the existing Participants, by executing and delivering to the Corporation an agreement to be bound by its terms pursuant to duly exercised authority. Such agreement need not be physically affixed to a copy of this Agreement, but instead may be indicated by reference to this Agreement. In accordance with the Bylaws, the Board of Directors will establish the form of such agreement and such additional procedures and requirements for entering into this Agreement as it from time to time deems appropriate.

(b) In executing an agreement under (a) of this Section 3.2, a Public Entity will be deemed to expressly (1) designate the Investment Officers of the one or more Series into which the Public Entity places any of its public funds as that Public Entity's Investment Officer responsible for such funds; (2) designate the depository and custodian of the one or more Series into which the Public Entity places any of its public funds as that Public Entity's depository and custodian for such funds; (3) delegate to the Corporation the authority to hold legal title to the assets placed in the Pool; (4) approve the investment objectives, policies, rules and procedures for the Pool and the Corporation or of any Series of the Pool, as the investment objectives, policies, rules and procedures of the Public Entity with respect to its assets transferred for placement in the Pool or any Series of the Pool; and (5) provide authority to the Corporation, the Board of Directors, the Investment Manager, the Corporation's officers, employees and any of their agents to deposit, withdraw, invest, transfer and otherwise manage the funds which the Public Entity may place in the Pool; all in conformance with the terms of this Agreement and the investment objectives, policies, rules and procedures of the applicable Series and the requirements of the Alaska Investment Pool Act.

Section 3.3 Termination of Participation. Participants will have the right to terminate their Participation in this Agreement, and the Board of Directors will specify procedures for such termination. Such procedures will require a Participant to redeem its Units in the Pool prior to such termination. The termination of Participation by a Participant will not affect the validity of this Agreement with respect to the remaining Participants.

Section 3.4 Effect of Amendment of Alaska Investment Pool Act. In the event that the Alaska Investment Pool Act is amended so as to expand the definition of "Public Entity" as used in this Agreement, the Board of Directors will have the power to determine whether and under what circumstances any new category of Public Entity may become a party to this Agreement. In the event that the Alaska Investment Pool Act is amended so as to exclude from the definition of Public Entity" as contained in this Agreement any previously included entity, the Board of Directors will promptly determine whether any existing Participant has lost its status as a Public Entity (or will lose such status upon effectiveness of such amendment). If the Board of Directors determines, after obtaining the advice of counsel, that an existing Participant is no longer a Public Entity (or will not be a Public Entity upon the effectiveness of the amendment), the Board of Directors will so notify that Participant, redeem any Units of that Participant held in the Pool and transfer to the Participant the resulting funds and other Investment funds of that Participant administered through the Corporation and terminate the Participation of that Participant. The Board of Directors will have final authority with respect to determinations under this Section 3.4.

Section 3.5 Effect of Amendment of Federal Tax Law. Should the federal income tax law be amended so as to cause the income of the Pool to be subject to federal income taxation, the Board of Directors will promptly determine whether that subjugation could be eliminated through the termination of Participation by one or more Participants and may, upon advice of legal counsel, terminate the membership in the Corporation and the Participation of those Participants in the Pool to eliminate the subjugation of the Pool to federal income taxation. Should the Board of Directors determine to terminate the Participation of a Participant under this Section 3.5, it will so notify that Participant, redeem any Units of that Participant held in the Pool and transfer to the Participant the resulting funds and other investment funds of that Participant administered through the Corporation and terminate the Participation of that Participant. The Board of Directors will have final authority with respect to determinations under this Section 3.5.

ARTICLE IV- BENEFICIAL INTERESTS

Section 4.1 Units of Beneficial Interest. The undivided beneficial interests of Participants in the assets of the Pool or of any Series of the Pool will be represented by such Units of one or more separate and distinct Series as the Board of Directors will from time to time create and establish. The number of Units is unlimited, and each Unit will be without par value and will be fully paid and nonassessable. The Board of Directors will have full power and authority, in their sole discretion and without obtaining any prior authorization of or vote of the Unitholders or of any Series, (1) to create and establish Units or any Series with such preferences, voting powers, rights and privileges as the Board of Directors may from time to time determine, (2) to divide or combine the Units thereof into a greater or lesser number, (3) to classify or reclassify any existing Units into one or more Series or classes of Units and (4) to take such other action with respect to the Units as the Board of Directors may deem desirable; provided that the Board of Directors may take no action pursuant to this Section 4.1 which would impair the beneficial interests of Unitholders in the then-existing assets of the Pool; and provided further, that such powers as the Board of Directors may ordinarily exercise pursuant to this Section 4.1 will not be inconsistent with the intent of maintaining a stable Net Asset Value of \$1.00 per Unit.

Section 4.2 Establishment of Series. (a) The first Series is hereby established pursuant to Article V of this Agreement.

(b) The establishment of any future Series will be effective upon the adoption of a resolution by a majority of the Board of Directors. With respect to each such future Series the Board of Directors will designate investment objectives and policies as required by this Agreement, authorized investments (and if repurchase agreements are authorized, the custodian for pledged securities), categories of Public Entities eligible to own Units, authorized Investment Officers and the relative rights and preferences of the holders of such Units; all of which will be described in a written Series Supplement.

(c) At any time that there are no Units outstanding of any particular Series previously established and designated, the Board of Directors may, by majority vote, abolish that Series and the establishment and designation of it.

Section 4.3 Ownership of Units. Notwithstanding other provisions of this Agreement to the contrary, ownership of Units will be limited to Participants. Ownership of Units will be recorded in the books of the Pool. The Board of Directors may have such rules as it considers appropriate, to the extent permitted by law, for the transfer of Units and similar matters. The record books of the Pool will be conclusive as to who are the holders of Units and as to the number of Units held from time to time by each Unitholder, unless the Unitholder shows otherwise to the satisfaction of the Board of Directors.

Section 4.4 Placement of Assets in the Pool. The Board of Directors will accept transfers of funds to a Series from such governmental entities as have become Participants on such terms as the Board of Directors may from time to time authorize. After the date of the initial transfer of funds to a Series, the number of Units of that Series to represent the initial transfer of funds may be considered as outstanding, and the amount received by the Series on account of such transfer will be treated as an asset of such Series. Subsequent transfers of funds to the Series will be credited to each Unitholder's

account in the form of full Units at the Net Asset Value per Unit next determined after the funds are received; provided, however, that the Board of Directors may, in its sole discretion, authorize the issuance of fractional Units.

Section 4.5 Assets and Liabilities of Series. (a) All consideration received by the Pool with respect to Units of a particular Series, together with all assets in which such consideration is invested or reinvested, all income, earnings, profits, and proceeds thereof, including any proceeds derived from the sale, exchange or liquidation of such assets, and any funds or payments derived from any reinvestment of such proceeds in whatever form, will be referred to as assets belonging to that Series. In addition, any assets, income, earnings, profits, and proceeds thereof, funds or payments which are not readily identifiable as belonging to any particular Series will be allocated by the Board of Directors between and among one or more of the Series in such manner as the board, in its sole discretion, deems fair and equitable. Each such allocation will be referred to as assets belonging to that Series, and will be conclusive and binding for all purposes. The assets belonging to a particular Series will be so recorded upon the books of the Pool and will be held in the Pool by the Corporation for the benefit of the Unitholders of that Series.

(b) The assets belonging to each particular Series will be charged with all expenses, costs, charges and reserves attributable to that Series. Any expenses, costs, charges or reserves of the Pool, which are not readily identifiable as belonging to any particular series, will be allocated and charged by the Board of Directors between or among any one or more of the Series in such manner as the Board of Directors, in its sole discretion, deems fair and equitable, and such expenses, costs, charges, and reserves will be payable only from the assets belonging to the applicable Series. Each such allocation will be conclusive and binding for all purposes. Any creditor of any Series may look only to the assets of that Series to satisfy such creditor's debt.

(c) To the extent that the expenses, costs, charges and reserves of the Pool or one or more Series of the Pool, including ordinary or extraordinary legal, accounting or other professional service expenses, are allocated pursuant to this Section 4.5 to the Units of a Participant, that Participant authorizes the payment of such out of principal and earnings from that Participant's investment in the Pool.

Section 4.6 No Preemptive Rights. Unitholders will have no preemptive or other preferential rights to acquire any additional Units of the Pool.

Section 4.7 Limitation of Personal Liability. The Board of Directors will have no power to bind any Unitholder or to call upon any Unitholder for the payment of any sum of money or assessment whatsoever other than such as the Unitholder may at any time agree to pay by way of subscription for any Units or otherwise. Every contract or other undertaking by or on behalf of the Pool will include a recitation limiting the obligation represented thereby to the Pool or a Series of it and its assets, however, the omission of such a recitation will not operate to bind any Participant.

ARTICLE V. FIRST SERIES, SUBSEQUENT SERIES

Section 5.1 Establishment of Series. (a) The Initial Participants hereby agree that the first Series will be established in conformance with the terms of this Agreement and the policies, objectives, restrictions and other terms of this Article V.

(b) Participants in a subsequent Series will agree, in entering into the Agreement for that Series, that subsequent Series will be established in conformance with the terms of the Agreement at that time and the policies, objectives, restrictions and other terms of this Article V and as not otherwise prohibited by law.

Section 5.2 Eligible Public Entities. Only Public Entities situated in the State of Alaska may become Participants in the first Series or in a subsequent Series.

Section 5.3 Eligible Investments. The Pool may invest only in the instruments as set forth in the Investment Policy for purposes of the first Series. The eligible investments for a subsequent Series will be as provided in the investment policy for that Series and as included in the terms of the

Agreement at that time.

Section 5.4 Investment Policies and Restrictions. The investment policies and restrictions to be followed by the Pool are as set forth in the Investment Policy for purposes of the first Series. The Investment policies and restrictions to be followed by the Pool for a subsequent Series will be as provided in the investment policy for that Series and as included in the terms of the Agreement at that time.

Section 5.5 Investment Officer. The Investment Officer for the Pool will be designated by the Board of Directors, subject to the provisions of Article XI of this Agreement.

Section 5.6 Distributions. Earnings on the assets of a Series will be accrued daily and will be distributed as determined by the Board of Directors but not less frequently than the first business day of the month following the month in which such earnings are accrued. Such earnings may be distributed in the form of cash sent to a Participant, or credited to the Participant's account in the form of full or fractional Units.

Section 5.7 Custodian. The Custodian will be designated by the Board of Directors, having duties and otherwise subject to the provisions of Article X of this Agreement.

ARTICLE VI – DIRECTORS

Section 6.1 Management of the Pool. The business and affairs of the Pool will be directed by the Board of Directors.

Section 6.2 Effect of Death, Resignation, Etc. of a Director. The death, declination, resignation, retirement, removal, incapacity or inability of the Board of Directors, or any one of its members, will not operate to annul or terminate the Pool or to revoke any existing agency created pursuant to the terms of this Agreement.

ARTICLE VII - POWERS OF BOARD OF DIRECTORS

Section 7.1 Powers. The Board of Directors will have full power and authority to do any and all acts and to make and execute or authorize the making or executing of any and all contracts and Instruments that are necessary for or incidental to the business and affairs of the Corporation and the Pool and the direction of management of the Pool or the investment of assets of the Pool. Subject to applicable law and this Agreement, the Board of Directors will have full authority and power to make, or cause to be made, any and all Investments which it, in its sole discretion, will deem proper to accomplish the objectives of the Pool. Subject to any limitation of this Agreement or applicable law, the Board of Directors will have power and authority to do the following:

- (1) To invest and reinvest cash and securities, and to hold cash or other properly uninvested, in accordance with the Investment Policy and the terms of this Agreement;
- (2) To adopt Bylaws not inconsistent with this Agreement providing for the conduct of the business of the Corporation and the Pool and to amend and repeal them to the extent that the Articles of Incorporation do not reserve that right to the members of the Corporation;
- (3) To appoint and remove one or more Investment Officers pursuant to Article XI of this Agreement; to appoint and remove such additional officers as the Board of Directors considers appropriate and in accordance with the Bylaws; and to appoint and terminate such agents as the Board of Directors considers appropriate;
- (4) To employ a bank or other person, as allowed under the Alaska Investment Pool Act and otherwise in accordance with applicable law, as Custodian of any assets of the

Pool, subject to conditions set forth in this Agreement or in the Bylaws, if any:

- (5) To retain a Supervisory Investment Adviser and an Investment Manager with such powers, responsibilities and functions as are described in Article VIII of this Agreement;
- (6) To set record dates in the manner as provided in this Agreement;
- (7) To delegate, consistent with applicable law, such authority as the Board of Directors considers desirable to any officers of the Corporation and to the Supervisory Investment Adviser, Investment Manager, the Custodian or other agents;
- (8) To sell or exchange or cause to be sold or exchanged any and all assets of the Pool, subject to the provisions of Section 14.4 of this Agreement;
- (9) To vote or to give assent or to exercise any rights of ownership, with respect to securities or property and to execute and deliver powers of attorney to such person or persons as the Board of Directors will deem proper, granting to such person or persons such power and discretion with relation to securities or property as, subject to applicable law, the Board of Directors will deem proper;
- (10) To exercise powers and rights which in any manner arise out of ownership of securities;
- (11) To hold any security or property in a form not indicating any trust, whether in bearer, unregistered or other negotiable form, either in the Pool's name or in the name of a custodian or nominee or nominees, subject in either case to proper safeguards to protect the Participants;
- (12) To establish separate and distinct Genes with separately defined investment objectives and policies and distinct investment purposes in accordance with the provisions of Article IV of this Agreement;
- (13) To allocate assets and expenses of the Pool to a particular Series or to apportion the same between or among two or more Series, provided that any expenses Incurred by a particular Series will be payable solely out of the assets belonging to that Series as provided for in Article IV of this Agreement;
- (14) To consent to or participate in any plan for the reorganization, consolidation or merger of any corporation or concern, any security of which is held in the Pool; and to consent to any contract, lease, mortgage, purchase or sale of property by such corporation or concern;
- (15) To compromise, arbitrate or otherwise adjust claims in favor of or against the Pool or any matter in controversy including, but not limited to, claims for taxes;
- (16) To make distributions of income and of capital gains to Unitholders in the manner as provided in this Agreement;
- (17) To establish from time to time a minimum total investment for Unitholders and to require the redemption of the Units of any Unitholders whose investment is less than such minimum upon giving notice to such Unitholder;
- (18) To amend this Agreement pursuant to Section 14.7 of this Agreement;
- (19) To retain one or more auditors for the Pool or any Series, and to require annual audits and reports as the Board of Directors considers appropriate; and
- (20) To do other things not inconsistent with the provisions of this Section 7.1 which the

Board of Directors deems necessary in carrying out its duties.

Section 7.2 Action by the Board of Directors. The Board of Directors will act and otherwise conduct the business of the Pool in accordance with the terms of this Agreement and as otherwise set forth in the Articles of Incorporation and Bylaws.

Section 7.3 Officers. The Board of Directors will appoint one or more of its number to be officers of the Corporation in accordance with the terms of the Articles of Incorporation and Bylaws.

ARTICLE VIII - SUPERVISORY AND INVESTMENT ADVISER; INVESTMENT MANAGER

Section 8.1 Supervisory and investment Adviser Agreement and Investment Management Agreement. When authorized by at least a majority of the Board of Directors, the Corporation on behalf of the Pool may, subject to the laws of the State of Alaska, from time to time enter into one or more Supervisory and Investment Adviser Agreements and Investment Management Agreements whereby the other party to such agreements will be designated as the Supervisory Investment Adviser and the Investment Manager, respectively, to the Corporation on behalf of the Pool, will agree to serve as such and will undertake to provide to the Corporation on behalf of the Pool such advice, assistance, facilities and services upon such terms and conditions as the Board of Directors may, in its discretion, determine.

Section 8.2 Duties. (a) The Supervisory and Investment Adviser Agreement and the Investment Management Agreement will be set forth in writing and will establish the duties and responsibilities of the Supervisory Investment Adviser and the Investment Manager. The Board of Directors will have power to retain the Supervisory Investment Adviser and the Investment Manager to provide such advice, assistance, facilities and services as the Board of Directors will, consistent with the applicable law and this Agreement, in its discretion, determine, including, without limitation, those set forth in this Section 8.2, provided that such advice, assistance, facilities and services will be provided in accordance with this Agreement and the Investment Policy or such amendments to them as are approved by the Board of Directors;

(b) The duties and responsibilities of the Supervisory Investment Adviser will include the following:

- (1) To provide technical direction to the Pool;
- (2) To review custodial and investment operations of the Pool, to include performance against established benchmarks;
- (3) To ensure that the Investment Policy established by the Board of Directors and required by the Alaska Investment Pool Act is adhered to;
- (4) To ensure that necessary reports are rendered both to the Board of Directors and to each Participant; and
- (5) To ensure that participants in the Pool receive necessary Pool-related information;

(c) The duties and responsibilities of the Investment Manager will include the following:

- (1) To act as the Pool's fiduciary and be responsible for investment and record keeping services;
- (2) To adhere to the Investment Policy and the Alaska Investment Pool Act;
- (3) To advise the Pool on the strategies being employed, to include risk and yield factors; and
- (4) To render periodic reports to both the Pool and Participants with regard to units held and account transactions.

Section 8.3 Provision of Services. The Supervisory Investment Adviser and the Investment Manager will provide such advice, assistance, facilities and services as the Board of Directors may determine, in accordance with Section 8.2 of this Agreement. However, the Supervisory Investment Adviser and the Investment Manager will have the power, subject to applicable law and with the consent of the Board of Directors, to retain third parties, whether or not affiliated with the Supervisory Investment Adviser and the Investment Manager, to provide all or some of the advice, assistance, facilities and services for which it has been retained by the Pool.

Section 8.4 Duty of Care. Management and investment of assets of the Pool by the Supervisory Investment Adviser and the Investment Manager will be done with the care, skill, prudence and diligence under the circumstances then prevailing that an institutional investor would use in the conduct of an enterprise of a like character and with like aims.

ARTICLE IX – UNITHOLDERS' VOTING POWERS AND MEETINGS

Section 9.1 Voting Powers. A Unitholder, as a member of the Corporation on the record date for a meeting of members, will have power to vote on matters coming before the members including matters pertaining to the Pool as set forth in the Articles of Incorporation and Bylaws and by applicable law.

Section 9.2 Meetings. A Unitholder, as a member of the Corporation, will be entitled to attend meetings of members pursuant to the provisions of the Articles of Incorporation and Bylaws.

ARTICLE X- CUSTODIAN

Section 10.1 Qualifications, Appointments and Duties. (a) The Custodian will be designated by the Board of Directors and will, if such entity accepts such designation on the terms approved by the Board of Directors or any duly authorized officers of the Corporation, be a commercial bank with a subsidiary trust company or a trust company that is authorized to exercise corporate trust powers, have a combined capital and surplus of at least \$50 million or an equivalent level of indemnification and be subject to supervision by federal banking regulators.

(b) The Corporation on behalf of the Pool, at all times, will employ a Custodian with authority as agent, but subject to such restrictions, limitations and other requirements, if any, as may be contained under the laws of the State of Alaska, this Agreement or the Bylaws:

- (1) To hold the securities owned by the Corporation on behalf of the Pool in the name of the Pool or otherwise as authorized by the Board of Directors and to deliver the same upon written order or other means approved by the Board of Directors with written confirmation;
- (2) To hold collateral securing certificates of deposit, repurchase agreements and other instruments as allowed under the Investment Policy or required by the Board of Directors;
- (3) To receive and receipt for any monies due to the Corporation on behalf of the Pool and deposit the same in its own banking department or otherwise as the Board of Directors may direct;
- (4) To disburse such funds upon orders or vouchers, all upon such basis of compensation as may be authorized by the Board of Directors; and
- (5) To deliver and pay over all property of the Corporation as directed by the Board of Directors.

(c) The Board of Directors may also authorize the Custodian to employ one or more sub-

custodians or agents from time to time to perform acts and services on behalf of the Custodian; provided that such sub-custodians or agents must each have a combined capital and surplus or level of indemnification of at least that specified for the Custodian in (a) of this Section 10.1 and must be subject to supervision by federal banking regulators.

Section 10.2 Central Certificate System. Subject to the laws of the State of Alaska, the Board of Directors may direct the Custodian to deposit all or any part of the securities owned by the Pool in a system for the central handling of securities pursuant to which system all securities of any particular class or series of any issuer deposited within the system are treated as tangible and may be transferred or pledged by bookkeeping entry without physical delivery of such securities.

ARTICLE XI - INVESTMENT OFFICER

Section 11.1 Appointment. The Board of Directors will designate for each Series one or more Investment Officers who will be responsible for the investment of assets transferred to that Series. By authorizing Participation in any Series, each Public Entity will thereby designate the Investment Officers for that Series as such Public Entity's Investment Officers responsible for the assets transferred to such Series, pursuant to the Alaska investment Pool Act. The Investment Manager may be designated as the investment Officer by the Board of Directors.

Section 11.2 Scope of Authority. The investment Officer of each Series will be authorized to run the day-to-day investment operations of that Series in conformance with this Agreement and such purposes, objectives and requirements as the Board of Directors may set forth in the Series Supplement for that Series. Within the limits of such Series Supplement, the Investment Officer of each Series will be authorized, to the fullest extent allowable by law, to buy, sell, swap, invest, reinvest and otherwise manage the assets of that Series.

Section 11.3 Management Reports. At least once each month, each Investment Officer will prepare a written report concerning the investment transactions of the applicable Series for which such Investment Officer is responsible for the preceding year, and describing in detail the investment position of such Series as of the date of the report. If the Board of Directors has appointed two or more Investment Officers for a Series, those officers will prepare that report jointly. The report will be signed by each Investment Officer and will be delivered to the Board of Directors.

ARTICLE XII - DISTRIBUTIONS AND REDEMPTIONS

Section 12.1 Distributions. (a) The Board of Directors will have power, to the fullest extent permitted by the laws of the State of Alaska, at any time to declare and cause to be paid distributions on Units of a particular Series, from the assets belonging to that Series, which distributions, at the election of the Board of Directors, may be made monthly or otherwise pursuant to a standing resolution or resolutions adopted with such frequency as the Board of Directors may determine, and may be payable in cash or Units of that Series at the election of each Unitholder of that Series. The amount of such distributions and the payment of them will be wholly in the discretion of the Board of Directors.

(b) Notwithstanding anything in this Agreement to the contrary, the Board of Directors may at any time declare and distribute pro rata among the Unitholders of a particular Series as of the record date of that Series fixed as provided in Section 14.3 of this Agreement a distribution in the form of Units.

Section 12.2 Redemptions. (a) In case any holder of record of Units of a particular Series desires to redeem some or all of its Units, it may deposit at the office of the Custodian or other authorized agent of the Pool a written request, or such other form of request as the Board of Directors may from time to time authorize, requesting that the Series redeem the Units in accordance with this Section 12.2. The Unitholder so requesting will be entitled to require the Series to redeem such Units, and the Series will redeem such Units, at the Net Asset Value thereof next calculated, as described in Section 12.3 of this Agreement. The Series will make payment for any such Units to be redeemed in cash from the assets of that Series.

(b) The Board of Directors will specify procedures pursuant to which the Unitholder may, under normal circumstances, redeem its Units and receive payment on them by wire and in the form of immediately available funds within the same business day. In any event, except for the provisions of (c) of this Section 12.2, payment for such Units will be made by the Pool from that Series to the Unitholder of record no later than seven days after the date upon which the request is effective.

(C) Notwithstanding anything to the contrary, the provisions of this Section 12.2 and any procedures for the redemption of Units and the payment on them will be subject to Section 12.4 of this Agreement.

Section 12.3. Determination of Net Asset Value and Valuation of Portfolio Assets. (a) The net income of the Pool and Net Asset Value per Unit will be determined as of the close of trading on each day the Federal Reserve Bank of San Francisco is open for business (and at such other times as the Board of Directors may determine). The net income of the Pool (from the time of the immediately preceding determination thereof) will consist of (1) all interest income accrued on the portfolio assets of the Pool, less (2) all accrued expenses of the Pool. Such net income will be determined on the accrual basis in accordance with generally accepted accounting practices. Interest income will include amortization of purchase discount or premium. Securities in the Pool's portfolio will be valued as set forth in the Investment Policy.

(b) All the net income of the Pool, at the time of each determination thereof, will be allocated among and accrue to each Unitholder at the time of such determination in proportion to the number of Units then held by each Unitholder. If the net income of the Pool at the time of such determination is a negative amount, the Board of Directors will have power and authority (1) to allocate such negative amounts among the Unitholders in proportion to the number of Units held at the time of such determination and to offset the allocable share of each Unitholder of such negative amount against any income accrued to such Unitholder, and (2) to reduce the number of outstanding Units of the Pool by reducing the number of Units of each Unitholder by that number of Units which represents the amount of its allocable share of such negative amount which is not offset against income accrued to such Unitholder.

(c) The Net Asset Value per Unit at the time of each determination thereof will be determined by taking the value of all assets of the Pool (valued on the same basis as in the determination of the net income of the Pool at the time of such determination) less accrued expenses and arrearages and divided by the number of Units then outstanding.

(d) For purposes of this Section 12.3, the term Pool will refer to each Series of the Pool if more than one Series is outstanding. The net income and Net Asset Value of each Series and of Units of each Series will be calculated separately from that of all other Series.

Section 12.4. Suspension of the Right of Redemption. The Board of Directors may declare a suspension of the right of redemption or postpone the date of payment for the whole or any part of any period during which an emergency exists as a result of which disposal by the Corporation on behalf of the Pool of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Corporation on behalf of the Pool fairly to determine the value of its net assets. A suspension pursuant to this Section 12.4 will take effect at such time as the Board of Directors will specify but not later than the close of business on the business day next following the declaration of suspension. Thereafter there will be no right of redemption or payment until the Board of Directors will declare the suspension at an end. Any suspension pursuant to this Section 12.4 will continue only so long as the Board of Directors concludes such suspension is in the best interests of the Unitholders. In the case of a suspension of the right of redemption, a Unitholder may either withdraw a request for redemption or receive payment based on the Net Asset Value per Unit existing after termination of the suspension.

ARTICLE XIII STANDARD OF CARE, LIMITATION OF LIABILITY, AND INDEMNIFICATION

Section 13.1. Standard of Care, Limitation of Liability. (a) The management and investment of Participants' assets by the Corporation, its officers, directors, employees and agents will be done with the care, skill, prudence and diligence under the circumstances then prevailing that an institutional

investor would use in the conduct of an enterprise of a like character and with like aims.

(b) The members of the Board of Directors, officers and employees of the Corporation will not be liable for any mistakes of judgment or other actions taken or omitted by them in good faith, nor will they be liable for any action taken or omitted by an agent, employee or independent contractor selected in good faith by them or any of them, nor will they be liable for loss incurred through Investment of funds through the Corporation or failure to Invest

(C) No director, officer or employee of the Corporation will be liable for any action taken or omitted by any other director, officer or employee.

Section 13.2. Board of Directors Good Faith Action. Expert Advice. No Bond or Surety. The exercise by the Board of Directors of its powers and discretion under this Agreement in good faith will be binding upon all interested parties. Subject to the provisions of Section 14.1 and to Article XIII of this Agreement, the Board of Directors will not be liable for errors of judgment or mistakes of fact or law. The Board of Directors may take advice of counsel or other experts with respect to the meaning and operation of this Agreement and, subject to the provisions of Section 14.1 of this Agreement and this Article XIII, will be under no liability for any act or omission in accordance with such advice or for failing to follow such advice. Directors will not be required to give any bond or act as a surety under this Agreement.

Section 13.3. Indemnification. Insurance. (a) The Corporation will defend, indemnify and hold harmless each director, officer and employee of the Corporation for expenses, including attorney's fees, and the amount of any judgment, money decree, fine, penalty or settlement for which he or she may become liable by reason of his or her being or having been a director, officer or employee of the Corporation who exercises powers or performs duties for the Corporation, except in relation to matters as to which that director, officer or employee is finally adjudged in any action, suit or proceeding to be liable for failure to act in good faith in the performance of his or her duties as such director, officer or employee.

(b) At the discretion of the Board of Directors, the Corporation may purchase and maintain insurance on persons associated with the Corporation and as expressly provided in its Bylaws.

ARTICLE XIV – MISCELLANEOUS

Section 14.1. Corporation and Pool Not a Partnership. It is hereby expressly declared that the Corporation is a separate and distinct nonprofit corporation and not a partnership. No Director will have any power to bind personally either the Board of Directors or officers of the Corporation or any Participant. All persons providing services or property to, contracting with or having any claim against the Corporation on behalf of the Pool, its officers, Board of Directors, employees and agents will look only to the assets of the appropriate Series for payment thereof under this Agreement. Neither the Participants nor the Board of Directors nor any officers, employees or agents of the Corporation, whether past, present or future, will be personally liable therefor.

Section 14.2. Ownership of Assets of the Pool. The assets of the Pool will be held separate and apart from all other assets, including the assets of other Series of the Pool. Legal title to all of the assets of the Pool will at all times be considered as vested in the Corporation, as custodian for the appropriate benefit of the respective Unitholders. No Unitholder will be deemed to have a severable ownership in any individual asset of the Pool or any right of partition or possession of it, but each Unitholder will have a proportionate undivided beneficial interest in the assets of the Pool or of a Series of the Pool.

Section 14.3. Establishment of Record Dates. The Board of Directors may fix in advance a date, not exceeding fifty days and not less than ten days preceding the date of any meeting of members of the Corporation, or the date for payment of any distributions, or the date for the allotment of rights or the date when any change or conversion or exchange of Units will go into effect, as a record date for the determination of the persons entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such distributions, or to any such allotment or rights, or to exercise the rights in case such persons and only such persons as will be members of the Corporation of record on the

dates so fixed will be entitled to such notice of, and to vote at, such meeting, or to receive payment of such distributions, or to receive such allotment or rights or to exercise such rights, as the case may be, notwithstanding any transfer of any Units on the books of the Pool after any such record date is fixed.

Section 14.4. Termination of Pool. (a) The Pool will continue for a period of 40 years and then terminate, unless sooner terminated pursuant to this Section 14.4 or unless the Board of Directors by at least a simple majority vote extends the period for an additional period of time.

(b) The Board of Directors may at any time sell and convert, or cause to be sold and converted, into money all the assets of the Pool or of any Series. Upon making provision for the payment of all outstanding obligations and unpaid expenses, accrued or contingent, of the Pool or of the affected Series, the Board of Directors may distribute the remaining assets of the Pool or of the affected Series ratably among the holders of the outstanding Units of the Pool or of the affected Series.

(c) Upon completion of the distribution of the remaining proceeds or the remaining assets as provided in (b) of this Section 14.4, the Pool or the affected Series will terminate, and the Board of Directors will be discharged of any and all further liabilities and duties under this Agreement pertaining to the Pool or the affected Series, as the case may be, and the rights, titles and interests of all parties will be canceled and discharged.

Section 14.5 Open References. Headings. Principal Office. (a) The original or a copy of this Agreement will be kept at the principal office of the Corporation where any Unitholder may inspect it. All records of the Pool will be maintained in accordance with the Articles and Bylaws.

(b) Anyone dealing with the Pool may rely on a certification by the Board of Directors or an officer of the Corporation as to whether or not any supplements to this Agreement have been made and as to any matters in connection with the Pool under this Agreement, and with the same effect as if it were the original, may rely on a copy certified by the Board of Directors or an officer of the Corporation to be a copy of this instrument or of any supplement. In this Agreement or in any supplement, references to this Agreement will be deemed to refer to this Agreement as amended or affected by any such supplement to this Agreement.

(c) Headings are placed in this Agreement for convenience of reference only, and in case of any conflict, the text of this instrument, rather than the headings, will control.

(d) This instrument may be executed in any number of counterparts, each of which will be deemed an original.

(e) The principal office of the Corporation will be located at 217 Second Street, Suite 200, Juneau, Alaska 99801 or such other office as the Board of Directors may from time to time determine.

Section 14.6 Applicable Law. The terms and conditions of this Agreement will be governed by and interpreted in accordance with the laws of the State of Alaska. The Corporation is a nonprofit corporation incorporated pursuant to the Alaska Nonprofit Corporations Act and further established pursuant to the Alaska Investment Pool Act.

Section 14.7 Amendments. (a) This Agreement and any Series Supplement may be amended by a two-thirds vote of the Board of Directors. Such amendments will take effect at a time fixed by the Board of Directors but in no event sooner than 60 days after notice of such amendment has been provided to all Participants holding Units of each Series affected by the amendment. Such notice will contain a description of the amendment and the date such amendment becomes effective. Participants who have not withdrawn from the Agreement (or if the amendment is to a Series Supplement, the affected Series) by the date upon which the amendment becomes effective will be deemed to have consented to the amendment. Copies of the amendment will be kept in accordance with Section 14.5 of this Agreement.

(b) Notwithstanding the provisions of (a) of this Section 14.7, creation of a new Series and issuance of a new Series Supplement will be deemed an amendment to this Agreement, but it may be effected by a majority vote of the Board of Directors and will not require the notice to Participants described in (a) of this Section 14.7. Copies of the Series Supplement will be kept as specified in Section 14.5 of this Agreement.

Section 14.8 Fiscal Year. The fiscal year of the Corporation and therefore the Pool will end on a date established by resolution of the Board of Directors as required in the Bylaws, and the Board of Directors may, without Participant approval, change the end of the fiscal year of the Corporation and the Pool.

Section 14.9 Defect As To Provision or Participation. (a) The provisions of this Agreement are severable, and if one or more of such provisions are found to be in conflict with applicable law, such provisions will be deemed never to have constituted a part of this Agreement; provided however, that such findings will not affect or impair any of the remaining provisions of this Agreement, or render invalid or improper any action taken or admitted prior to such finding.

(b) A Participation in this Agreement or transfer of assets to the Corporation for placement in the Pool or to any Series of the Pool by a person who is not qualified, by virtue of law or otherwise, to so participate, (1) will not operate to terminate this Agreement or the Participation of other Participants and (2) will not invalidate or otherwise adversely affect the Pool and the interests of those other Participants.

IN WITNESS WHEREOF, the parties to this Agreement, acting through their respective governing bodies and authorized representatives, hereby execute this Agreement as of _____, 200__.

ALASKA MUNICIPAL LEAGUE
INVESTMENT POOL, INC

By: _____

By: _____

Its: _____

its: _____

(Seal)

(Seal)

Content Information

Content ID : 004470

Type: Ordinance - AO

An Ordinance Authorizing the Municipality to be a Member &

Title: Participant in the Alaska Municipal League Investment Pool, Inc., Finance

Author: pruittns

Initiating Dept: Finance

Keywords: AMLIP, Investment Agreement, Common Investment

Date Prepared: 10/5/06 4:15 PM

Director Name: Jeffrey Sinz

Assembly Meeting Date MM/DD/YY: 10/17/06

Public Hearing Date MM/DD/YY: 10/31/06

Workflow History

Workflow Name	Action Date	Action	User	Security Group	Content ID
AllOrdinanceWorkflow	10/5/06 4:20 PM	Checkin	pruittns	Public	004470
AllOrdinanceWorkflow	10/5/06 6:08 PM	Reject	sinzje	Public	004470
AllOrdinanceWorkflow	10/6/06 8:42 AM	Checkin	pruittns	Public	004470
AllOrdinanceWorkflow	10/6/06 9:04 AM	Checkin	pruittns	Public	004470
AllOrdinanceWorkflow	10/6/06 9:07 AM	Checkin	pruittns	Public	004470
Finance_SubWorkflow	10/6/06 9:26 AM	Approve	sinzje	Public	004470
OMB_SubWorkflow	10/6/06 11:48 AM	Approve	mitsonjl	Public	004470
Legal_SubWorkflow	10/6/06 12:02 PM	Approve	fehlenrl	Public	004470
MuniManager_SubWorkflow	10/6/06 12:44 PM	Checkin	pruittns	Public	004470
MuniManager_SubWorkflow	10/6/06 3:12 PM	Approve	leblancdc	Public	004470
MuniMgrCoord_SubWorkflow	10/6/06 3:20 PM	Approve	abbottmk	Public	004470

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