

Submitted by: Chair of the Assembly
at the Request of Mayor
Prepared by: Finance
For Reading: May 2, 2006

CLERK'S OFFICE
APPROVED
Date: 5-16-06
ANCHORAGE, ALASKA
AR No. 2006 - 106

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING
2 SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS (\$725,000) FROM THE
3 MOA TRUST FUND (730) FOR EXPERT FINANCIAL MANAGEMENT AND SUPPORT
4 SERVICES PROVIDED IN CALENDAR YEAR 2006.

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7 The Anchorage Assembly resolves:

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9 Section 1. That the sum of Seven Hundred Twenty-Five Thousand Dollars (\$725,000)
10 is hereby appropriated from the MOA Trust Fund (730) for expert financial management and
11 support services provided in calendar year 2006.

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

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15 PASSED AND APPROVED by the Assembly this 16th day of May, 2006.

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18 Daniel A. Sullivan
19 Chair

20 ATTEST:

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23 Beth S. Dwyer
24 Municipal Clerk

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29 Departmental appropriation:
30 Finance \$725,000



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 289 -2006

Meeting Date: May 2, 2006

FROM: Mayor

SUBJECT: Appropriating \$725,000 from the MOA Trust Fund (Fund 730) for Expert Financial Management and Support Services provided in Calendar Year 2006

The Administration requests approval of the attached Assembly Resolution, AR 2006-____, to appropriate an amount not to exceed \$725,000 from the MOA Trust Fund (730) for financial management and support services provided in calendar year 2006.

AMC 6.50.060.A. Definitions (i.e., fund expenses) states:

Fund Expenses means incurred expenses which are reasonably prudent and necessary to manage and invest the assets of the pooled trusts, including all fees charged by external service providers such as investment managers, advisors, custodians and other professionals, and also including MOA's internal direct and indirect expenses incurred in providing administrative and oversight services for the benefit of the pooled trusts. Fund expenses are funded by annual earnings and are allocated to the pooled trusts on a pro-rata basis.

AMC 6.50.060.D1. Management of the Pooled Funds states:

The municipal treasurer shall hire the services of such investment managers, advisors, custodians and other professionals as are reasonably prudent and necessary to manage and invest the assets of the pooled trusts.

The MOA Trust Fund is the single remaining fund. The other portion of the "pooled trusts" (i.e., the MOA Trust Reserve) was extinguished in 2004. Diversification is provided through the establishment of multiple portfolios invested in various areas of the market (i.e., Core Bond, Large Cap Growth, Large Cap Value, S&P 500 Index, International Equity and Small Cap). The income from the Trust is expected to pay all of the fees for services rendered by investment managers.

The MOA Trust Fund's money managers are paid a management fee based on a quoted fee multiplied by the MOA Trust Fund's market value at the end of each calendar quarter. Money managers are rewarded for increasing the MOA Trust Fund's value and penalized for decreased market value using this system of compensation rather than a flat compensation method.

The Investment Advisory Commission reviews the performance of each of the MOA Trust Fund's money managers on quarterly basis using information and reports provided by the Treasurer and the Investment Consultant (Callan Associates). The Investment Advisory Commission finds the money managers' performance to be satisfactory and they do not recommend any changes to the current line-up of money managers at this time.

In the prior year (2005), the Municipality appropriated \$750,000 for management fees and paid approximately \$655,000 in actual costs, including estimated imputed fees from mutual fund portfolios. In 2005 the required expenditure authority to cover fund management costs is proposed at a level slightly less than 2005. Expenses incurred will depend on actual market results and portfolio fees charged by managers.

Below is an approximate breakdown of the anticipated investment management and support service costs related to management of the MOA Trust Fund in year 2006:

| | | |
|--|-----------|-------------|
| • Fixed Income Fund | \$148,000 | } \$725,000 |
| • Various Equity Funds including Growth, Value, Index International, and Small Cap Funds | \$476,000 | |
| • Financial Advisor | \$ 46,000 | |
| • Fund Custodian | \$ 55,000 | |
| | | |

The expense levels paid by the MOA Trust Fund are in line with other, similarly-sized endowment and pension funds nationwide which use professional investment management services.

An Assembly Information Memorandum regarding the MOA Trust Fund's financial performance for 2005 is expected to be submitted at or near the same time as this Assembly Resolution.

The accounting detail is as follows:

| | | |
|------------------------|-------------------------|-----------|
| Revenue 0730-1348-9765 | Other Interest Income | \$725,000 |
| Expense 0730-1348-3103 | Manager & Custodian Fee | \$725,000 |

The Administration recommends approval of AR 2006-106 appropriating funds for anticipated expenses associated with management of the MOA Trust Fund.

Prepared by: Daniel Moore, Municipal Treasurer

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

730-1348-9765 – \$725,000

Concurrence: Denis C. LeBlanc, Municipal Manager

Respectfully submitted: Mark Begich, Mayor

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Appropriating \$725,000 from the MOA Trust Fund (Fund 730) for

Title: Expert Financial Management & Support Services provided in
Calendar Year 2006, Finance**Author:** pruittns**Initiating Dept:** Finance**Keywords:** MOA Trust, Financial Management, Support Services, Appropriation,
\$725,000**Date Prepared:** 4/17/06 4:45 PM**Director Name:** Jeffrey E. Sinz**Assembly Meeting**
Date MM/DD/YY: 5/2/06**Public Hearing Date**
MM/DD/YY: 5/16/06**Workflow History**

| Workflow Name | Action Date | Action | User | Security Group | Content ID |
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| FundsAppropWorkflow | 4/17/06 4:47 PM | Checkin | pruittns | Public | 003898 |
| FundsAppropWorkflow | 4/18/06 9:33 AM | Reject | sinzje | Public | 003898 |
| FundsAppropWorkflow | 4/18/06 10:11 AM | Checkin | pruittns | Public | 003898 |
| Finance_SubWorkflow | 4/18/06 12:55 PM | Approve | sinzje | Public | 003898 |
| OMB_SubWorkflow | 4/19/06 10:18 PM | Approve | mitsonjl | Public | 003898 |
| MuniManager_SubWorkflow | 4/21/06 11:24 AM | Approve | leblancdc | Public | 003898 |
| MuniMgrCoord_SubWorkflow | 4/21/06 11:45 AM | Approve | abbottmk | Public | 003898 |

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