

Submitted by: Chair of the Assembly
at the Request of Mayor
Prepared by: Finance Department
For Reading: July 24, 2007

CLERK'S OFFICE

APPROVED

Date: 8-14-07

ANCHORAGE, ALASKA

AR No. 2007- 175

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING
2 SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000) FROM THE MOA
3 TRUST FUND (730) FOR EXPERT FINANCIAL MANAGEMENT AND SUPPORT
4 SERVICES PROVIDED IN CALENDAR YEAR 2007.

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7 The Anchorage Assembly resolves:

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9 Section 1. That the sum of Seven Hundred Fifty Thousand Dollars (\$750,000) is
10 hereby appropriated from the MOA Trust Fund (730) for expert financial management and
11 support services provided in calendar year 2007.


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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 14th day of August,
16 2007.

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Chair

ATTEST:


Municipal Clerk

Departmental appropriation:
Finance \$750,000



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 450-2007

Meeting Date: July 24, 2007

FROM: Mayor

SUBJECT: Appropriating \$750,000 from the MOA Trust Fund (Fund 730) for Expert Financial Management and Support Services provided in Calendar Year 2007

The Administration requests approval of the attached Assembly Resolution, AR 2007-175, to appropriate an amount not to exceed \$750,000 from the MOA Trust Fund (730) for financial management and support services provided in calendar year 2007.

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., Broad Fixed Income, Large Cap Growth, Large Cap Value, S&P 500 Index, International Equity, Small Cap Equity, Mid Cap Index and Real Estate). 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 quarterly 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, other than to hire new managers to service new or replacement asset categories in accordance with the broadened investment parameters authorized by the Assembly per AO 2006-146.

In the prior year (2006), the Municipality appropriated \$725,000 for management fees and paid approximately \$635,000 in actual costs, including estimated imputed fees from mutual fund portfolios. In 2007 the required expenditure authority to cover fund management costs is proposed at a level higher level than in 2006, due to additional anticipated fees from a new Real Estate Manager expected to be hired during second half 2007. 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 2007:

• Fixed Income Fund	\$140,000	\$750,000
• New Real Estate Portfolio (partial year)	\$ 40,000	
• Various Equity Funds	\$470,000	
Including: Growth, Value, S&P 500 Index International, Small Cap and Mid Cap Index		
• Financial Advisor	\$ 48,000	
• Fund Custodian	\$ 52,000	

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 2006 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	\$750,000
Expense 0730-1348-3103	Manager & Custodian Fee	\$750,000

The Administration recommends approval of AR 2007- 175 appropriating funds for anticipated expenses associated with management of the MOA Trust Fund.

Prepared by: Daniel Moore, Municipal Treasurer

Concurrence & Fund Certification: Jeffrey E. Sinz, Chief Fiscal Officer
730-1348-9765 – \$750,000

Concurrence: Denis C. LeBlanc, Municipal Manager

Respectfully submitted, Mark Begich, Mayor

Content Information**Content ID :** 005242**Type:** AR_FundsApprop - Funds Approp Resolution

Appropriating \$750,000 from the MOA Trust Fund (730) for Expert

Title: Financial Management & Support Services in Calendar Year 2007,
Finance**Author:** pruittns**Initiating Dept:** Finance**Keywords:** Trust Fund, Financial Management, \$750,000, 2007**Date Prepared:** 7/6/07 1:03 PM**Director Name:** Jeffrey Sinz**Assembly Meeting**
Date MM/DD/YY: 7/24/07**Public Hearing Date**
MM/DD/YY: 8/14/07M.O.A.
2007 JUL 13 PM 12:50
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>
FundsAppropWorkflow	7/6/07 1:14 PM	Checkin	pruittns	Public	005242
Finance_SubWorkflow	7/12/07 5:53 PM	Approve	sinzje	Public	005242
OMB_SubWorkflow	7/13/07 9:09 AM	Approve	mitsonjl	Public	005242
MuniManager_SubWorkflow	7/13/07 11:04 AM	Approve	abbottmk	Public	005242
MuniMgrCoord_SubWorkflow	7/13/07 11:04 AM	Approve	abbottmk	Public	005242