

CLERK'S OFFICE

APPROVED

Date: 10-24-08

ANCHORAGE, ALASKA

AR No. 2008- 120

Submitted by: Chair of the Assembly
at the Request of Mayor
Prepared by: Finance Department
For Reading: June 10, 2008

1 A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING
2 SEVEN HUNDRED SIXTY-FIVE THOUSAND DOLLARS (\$765,000) FROM THE MOA
3 TRUST FUND (730) FOR EXPERT FINANCIAL MANAGEMENT AND SUPPORT
4 SERVICES PROVIDED IN CALENDAR YEAR 2008

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7 The Anchorage Assembly resolves:

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9 Section 1. That the sum of Seven Hundred Sixty Five Thousand Dollars (\$765,000) is
10 hereby appropriated from the MOA Trust Fund (730) for expert financial management and
11 support services provided in calendar year 2008.

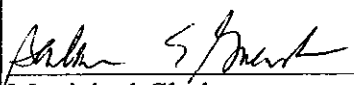
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13 Section 2. That this resolution shall take effect immediately upon approval.

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15 PASSED AND APPROVED by the Assembly this 24th day of June, 2008.

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Chair

ATTEST:

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Municipal Clerk

Departmental appropriation:
Finance \$765,000



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 367 -2008

Meeting Date: June 10, 2008

FROM: Mayor

SUBJECT: Appropriating \$765,000 from the MOA Trust Fund (Fund 730) for Expert Financial Management and Support Services provided in Calendar Year 2008

The Administration requests approval of the attached Assembly Resolution to appropriate an amount not to exceed \$765,000 from the MOA Trust Fund (730) for financial management and support services provided in calendar year 2008.

Anchorage Municipal Code (AMC) 6.50.060.A. Definition (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.

In the prior year (2007), 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 2008 the required expenditure authority to cover fund management costs is proposed to increase slightly to \$765,000 due to the fee structure associated with the new real estate portfolio manager. 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 2008:

• Fixed Income Fund	\$110,000	} \$765,000
• Real Estate Portfolio	\$155,000	
• Various Equity Funds	\$437,000	
Including: Growth, Value, S&P 500 Index		
International, Small Cap and Mid Cap Index		
• Financial Advisor	\$ 49,000	}
• Fund Custodian	\$ 14,000	

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

An Assembly Information Memorandum regarding the MOA Trust Fund's financial performance for 2007 is expected to be submitted at or near the same time as this Assembly Resolution.

The accounting detail is as follows:

Revenue	730-1348-9765	Other Interest Income	\$765,000
Expense	730-1348-3103	Manager & Custodian Fee	\$765,000

The Administration recommends approval of the Assembly Resolution appropriating funds for anticipated expenses associated with management of the MOA Trust Fund.

Prepared by: Daniel Moore, Municipal Treasurer

Concurrence & Fund Certification: Sharon Weddleton, CFO

730-1348-9765 – \$765,000

Concurrence: Michael K. Abbott, Municipal Manager

Respectfully submitted: Mark Begich, Mayor

Content ID: 006441**Type:** AR_FundsApprop - Funds Approp Resolution**Title:** Appropriating \$765,000 from the MOA Trust Fund for Expert Financial Management and Support Services provided in Calendar Year 2008, Finance**Author:** maglaquijp**Initiating Dept:** Finance**Keywords:** MOA, Trust Fund, Appropriating, Financial Management, Year 2008**Date Prepared:** 5/27/08 10:32 AM**Director Name:** Sharon Weddleton**Assembly Meeting Date:** 6/10/08**Public Hearing Date:** 6/24/08

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
Clerk_Admin_SubWorkflow	5/30/08 10:49 AM	Exit	Heather Handyside	Public	006441
MuniMgrCoord_SubWorkflow	5/30/08 10:49 AM	Approve	Heather Handyside	Public	006441
MuniManager_SubWorkflow	5/29/08 4:42 PM	Approve	Michael Abbott	Public	006441
MuniManager_SubWorkflow	5/28/08 12:58 PM	Checkin	Joy Maglaqui	Public	006441
OMB_SubWorkflow	5/27/08 3:34 PM	Approve	Wanda Phillips	Public	006441
Finance_SubWorkflow	5/27/08 10:45 AM	Approve	Sharon Weddleton	Public	006441
FundsAppropWorkflow	5/27/08 10:36 AM	Checkin	Nina Pruitt	Public	006441