

Submitted by: Chair of the Assembly
at the Request of Acting Mayor
Prepared by: Finance Department
For Reading: June 9, 2009

CLERK'S OFFICE

APPROVED

Date: 7-7-09 ANCHORAGE, ALASKA
AR No. 2009-149

A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING SEVEN HUNDRED THIRTY FIVE THOUSAND DOLLARS (\$735,000) FROM THE MOA TRUST FUND (730) FOR EXPERT FINANCIAL MANAGEMENT AND SUPPORT SERVICES PROVIDED IN CALENDAR YEAR 2009

The Anchorage Assembly resolves:

Section 1. That Seven Hundred Thirty Five Thousand Dollars (\$735,000) is hereby appropriated from the MOA Trust Fund (730) for expert financial management and support services provided in calendar year 2009.

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

PASSED AND APPROVED by the Assembly this 7th day of July, 2009.

Debbi Ossander
Chair

ATTEST:

Paula S. Jenson
Municipal Clerk

Departmental appropriation:
Finance \$735,000



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 319-2009

Meeting Date: June 9, 2009

FROM: Acting Mayor

SUBJECT: Appropriating \$735,000 from the MOA Trust Fund (Fund 730) for Expert Financial Management and Support Services provided in Calendar Year 2009

The Administration requests approval of the attached resolution, to appropriate an amount not-to-exceed \$735,000 from the MOA Trust Fund (730) for financial management and support services provided in calendar year 2009.

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.

1 In the prior year (2008), the Municipality appropriated \$765,000 for management fees and paid
2 approximately \$695,000 in actual costs, including estimated imputed fees from mutual fund
3 portfolios as well as intergovernmental charges. In 2009 the required expenditure authority to
4 cover fund management costs is proposed to decrease to \$735,000 due to the significant negative
5 market returns experienced in 2008. The proposed 2009 appropriation amount assumes a 5%
6 increase in market value over the 12/31/08 level. Expenses incurred will depend on actual
7 market results and portfolio fees charged by managers throughout 2009.

8
9 Below is an approximate breakdown of the anticipated investment management and support
10 service costs related to management of the MOA Trust Fund in year 2009:

11			
12	• Fixed Income Fund	\$110,000	} \$735,000
13	• Real Estate Portfolio	\$ 80,000	
14	• Various Equity Funds	\$355,000	
15	Including: Growth, Value, S&P 500 Index		
16	International, Small Cap and Mid Cap Index		
17	• Financial Advisor	\$ 50,000	
18	• Fund Custodian	\$ 15,000	
19	• Intergovernmental Charges	\$125,000	
20			

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

24
25 An Assembly Information Memorandum regarding the MOA Trust Fund's financial performance
26 for 2008 is expected to be submitted simultaneous with this Assembly Resolution.

27
28 The accounting detail is as follows:

29			
30	Revenue 730-1348-9765	Other Interest Income	\$735,000
31	Expense 730-1348-3103	Manager & Custodian Fee	\$735,000
32			

33 The Administration recommends approval of the attached resolution appropriating funds for
34 anticipated expenses associated with management of the MOA Trust Fund.

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37 Prepared by: Daniel Moore, Municipal Treasurer
38 Concurrence & Fund Certification: Sharon Weddleton, CFO
39 730-1348-9765-134800-BP2009 – \$735,000
40 Concurrence: Michael K. Abbott, Municipal Manager
41 Respectfully submitted: Matt Claman, Acting Mayor

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Title: A RESOLUTION OF THE MUNICIPALITY OF ANCHORAGE APPROPRIATING SEVEN HUNDRED THIRTY FIVE THOUSAND DOLLARS (\$735,000) FROM THE MOA TRUST FUND (730) FOR EXPERT FINANCIAL MANAGEMENT AND SUPPORT SERVICES PROVIDED IN CALENDAR YEAR 2009

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Initiating Dept: Finance

Description: AR and AM appropriating \$735,000 from MOA Trust Fund 730**Keywords:** MOA Trust Fund, Expert Financial Management

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Assembly Meeting Date: 6/9/09

Public Hearing Date: 6/23/09 7/1/09

<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	5/29/09 9:03 AM	Exit	Joy Maglaqui	Public	007743
MuniMgrCoord_SubWorkflow	5/29/09 9:03 AM	Approve	Joy Maglaqui	Public	007743
MuniManager_SubWorkflow	5/28/09 10:19 AM	Approve	Michael Abbott	Public	007743
OMB_SubWorkflow	5/20/09 3:14 PM	Approve	Bruce Holmes	Public	007743
Finance_SubWorkflow	5/20/09 10:18 AM	Approve	Sharon Weddleton	Public	007743
FundsAppropWorkflow	5/18/09 3:33 PM	Checkin	Jo Katkus	Public	007743
FundsAppropWorkflow	5/18/09 3:26 PM	Checkin	Jo Katkus	Public	007743
FundsAppropWorkflow	5/18/09 3:21 PM	Checkin	Jo Katkus	Public	007743
Finance_SubWorkflow	5/18/09 3:16 PM	Reject	Jo Katkus	Public	007743
FundsAppropWorkflow	5/18/09 1:25 PM	Checkin	Jo Katkus	Public	007743