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## **Public Finance & Investments Division**

### **Finance Department**

*Anchorage: Performance. Value. Results.*

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#### **Purpose**

Prudently and efficiently manage the debt and investment portfolios of the MOA while providing liquidity to meet daily cash requirements.

#### **Direct Services**

Provide the most cost-effective source of financing for all departments of the MOA.

Manage investment portfolios of the MOA with the objectives of:

- Safety of Principal,
- Liquidity to meet all operating requirements and
- Achieve the highest return on investment while complying with investment guidelines.

Provide investment performance reporting for the portfolios within the Municipal Cash Pool (MCP).

Provide investment accounting and investment earnings allocation services to all MOA departments.

#### **Accomplishment Goals**

- Maintain a rating of at least “AA” for the MOA’s general obligation bonds.
- Refund any outstanding debt that provides a minimum net present value savings and provide the most cost-effective source of financing for all departments of the MOA.
- Invest only in securities that comply with AMC at the time of investment.
- Provide an investment return, gross of fees, that outperforms the respective benchmark for each portfolio manager within the MCP.

#### **Performance Measures**

- The rating of the MOA’s general obligation by Standard & Poor’s and Fitch.
- Dollar amount of the net present value savings achieved by refunding outstanding debt with cost effective, innovative, and creative sources of funding.
- Monthly compliance report for investments that measure if the investments in the portfolio are compliant with AMC and P&P 24-11.
- Quarterly portfolio performance reports that measure the actual returns, gross of fees, of the portfolios within the MCP compared to the respective benchmark returns for the MCP.

**Measure #1: The rating of the MOA's general obligation by Standard & Poor's and Fitch.**

Year	Standard & Poor's	Fitch
2008	AA Stable	AA Stable
2009	AA Stable	AA Stable
2010	AA Stable	AA+ Stable
2011	AA Stable	AA+ Stable
2012	AA+ Stable	AA+ Stable
2013	AA+ Stable	AA+ Stable
2014	AAA Stable	AA+ Stable
2015	AAA Negative	AA+ Stable
2016	AAA Stable	AA+ Stable
2017	AAA Stable	AA+ Stable
2018	AAA Stable	AA+ Stable
2019	AAA Stable	AA+ Stable
2020 Dec	AAA Stable	AA+ Stable

**Measure #2:** Dollar amount of the net present value savings achieved by refunding outstanding debt with cost effective, innovative, and creative sources of funding.

Year	Description of Refunding	Refunding Par Amount	Nominal Savings	NPV Savings
<b>2009</b>	AWWU-Water	\$ 49,680,000	\$ 149,533,362	\$ 5,848,119
<b>2010</b>	GO-GP (refunding) C-1	11,840,000	1,036,948	1,137,757
	GO-GP (restructuring) C-2	11,910,000	-2,225,384	-583,328
<b>2011</b>	GO-Schools (refunding) C	28,310,000	1,947,120	1,832,934
<b>2012</b>	GO-GP (refunding) B	30,215,000	1,934,725	2,526,664
	GO-Schools (refunding) D	24,080,000	1,504,758	1,502,047
<b>2013</b>	No Refunding Activity			
<b>2014</b>	GO-GP (refunding) B	78,430,000	11,375,985	10,446,307
	GO-Schools (refunding) D	37,150,000	4,247,874	3,633,494
	ML&P Refunding	180,575,000	1,720,900	1,444,736
<b>2015</b>	GO-GP (refunding) B	115,250,000	13,142,354	12,667,732
	GO-Schools (refunding) D	81,040,000	10,155,939	9,198,977
	CIVICVentures (refunding)	93,970,000	17,203,908	9,099,922
<b>2016</b>	GO-Schools (refunding) C	41,960,000	4,444,132	4,297,132
<b>2017</b>	AWWU-Water	88,660,000	21,549,897	16,521,828
	AWWU-Wastewater	64,895,000	14,799,257	11,324,814
	AWWU-Water Refunding (T)	13,915,000	7,215,937	278,533
<b>2018</b>	GO-GP (refunding) B	20,265,000	617,965	1,199,551
	GO-Schools (refunding) D	57,020,000	6,827,125	6,301,871
<b>2019</b>	GO-GP (refunding) B	27,750,000	3,729,199	3,385,347

	GO-Schools (refunding) D	10,295,000	1,359,022	1,242,941
<b>2020</b>	GO-GP (refunding) B	1,765,000	255,829	254,632
	GO-GP (refunding) C	43,820,000	6,212,814	5,658,803
	GO-GP (refunding) D	13,900,000	2,917,962	2,804,721
	GO-Schools (refunding) F	77,830,000	8,941,887	8,124,692
	<b>Grand Total</b>		<b>\$ 290,449,515</b>	<b>\$ 120,150,226</b>

<b>Financing Program</b>	<b>Savings</b>
Master Lease Program 2008 – 2019	\$1,000,000
Port Commercial Paper Program 2008 – 2015	9,600,000
Port Direct Loan Agreement 2016 – 2019	2,400,000
ML&P Commercial Paper Program 2012 – 2015	27,400,000
ML&P Direct Loan Agreement 2016 – 2019	12,776,000
ASU Direct Loan Agreement 2013 – 2019	9,380,000
ASU Intermediate Term Borrowing Program (ITBP) 2017 – 2019	750,000
AWU Direct Loan Agreement 2013 – 2019	11,900,000
AWU Intermediate Term Borrowing Program (ITBP) 2017 – 2019	1,500,000
Tax Anticipation Notes Issues 2006 – 2019*	12,721,537
<b>2008 – 2019 Savings Achieved</b>	<b>\$89,427,537</b>

\* Net profit achieved by keeping long term funds invested in The Municipal Cash Pool

**Measure #3: Monthly compliance report for investments that measure if the investments in the portfolio are compliant with AMC and P&P 24-11.**

<b>Year</b>	<b>In Full Compliance?</b>	<b>Notes</b>
<b>2016</b>	<b>Yes, with exceptions</b>	
	<b>August</b>	On August 31, a large payment was transferred to the internal portfolio for the Sept. 1 debt service payment due US Bank. The combined debt service of \$44 million was held in a non-US Government qualified money market which caused the 50% Government holdings ration slip to 32.8% The ratios returned to over 50% the following day when debt service payments were disbursed for September 1.
<b>2017</b>	<b>Yes</b>	
<b>2018</b>	<b>Yes</b>	Full Compliance for entire year.
<b>2019</b>	<b>Yes, with exceptions</b>	
	<b>May</b>	On May 31, a large inflow of cash due to property tax payments was received which caused KeyBank repurchase agreement to have uninvested cash over the weekend. This caused overall percentage of government securities in the internally managed portfolio to dip below the 50% minimum. This was corrected on June 3.
	<b>July</b>	A large inflow of cash due to property tax payments was received which caused KeyBank repurchase agreement to have uninvested cash over the weekend. This caused overall percentage of government securities in the internally managed portfolio to dip below the 50% minimum. This was corrected and routine.
	<b>August</b>	A large transfer made on August 30 <sup>th</sup> to pay debt service was made to account for a holiday weekend. The subsequent payment made on September 3 corrected the money market accounts which exceeded maximum value of 25% as set forth in P&P.
<b>2020</b>	<b>Yes, with exceptions</b>	
	<b>February and March</b>	A large number of investments were scheduled to mature in late February and March. In addition, the Fed dropped interest rates sharply, causing several large non-maturing investments to be called. The unprecedented market reaction to the Coronavirus Pandemic which occurred in late February and into March made it impossible to re-invest maturing and called assets at a reasonable yield. We have been monitoring markets and will reinvest when it is prudent to do so.

	<b>April and May</b>	A large number of number of investments were scheduled to mature in late February and March. In addition, the Fed dropped interest rates sharply, causing several large non-maturing investments to be called. The unprecedented market reaction to the Coronavirus Pandemic which occurred in late February and into March made it impossible to re-invest maturing and called assets at a reasonable yield. We have been monitoring markets and will reinvest when it is prudent to do so.
	<b>August and September</b>	On August 31 and September 30, CARES Act funds of approximately \$96 million and \$116 million (respectively) were invested in money markets in-order to maintain the liquidity required for rapid deployment of this money into the community.

**Measure #4: Quarterly portfolio performance reports that measure the actual returns, gross of fees, of the portfolios within the MCP compared to the respective benchmark returns for the MCP.**

	<b>YTD 09/30/2020*</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>BlackRock Portfolio</b>	<b>4.95</b>	<b>9.18</b>	<b>-0.04</b>	<b>3.63</b>	<b>2.96</b>	<b>1.32</b>
Benchmark	4.53	8.56	0.23	3.34	2.89	1.07
Excess Return	.42	0.62	-0.27	0.29	-0.15	0.25
<b>PNC Portfolio</b>	<b>3.48</b>	<b>4.35</b>	<b>1.70</b>	<b>1.19</b>	<b>1.35</b>	<b>0.81</b>
Benchmark	3.12	4.03	1.60	0.84	0.93	0.57
Excess Return	.36	0.32	0.10	0.35	0.42	0.24
<b>APCM Portfolio</b>	<b>0.58</b>	<b>2.58</b>	<b>1.85</b>	<b>0.90</b>	<b>0.49</b>	<b>0.23</b>
Benchmark	0.64	2.28	1.87	0.86	0.33	0.05
Excess Return	-0.06	0.30	-0.02	0.04	0.16	0.18
<b>Total MCP</b>	<b>2.69</b>	<b>5.44</b>	<b>0.67</b>	<b>2.06</b>	<b>1.78</b>	<b>0.78</b>

Values are expressed as percentages

\* Quarter 4 returns were not available at the time of producing this report

### PVR Measure WC: Managing Workers' Compensation Claims

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.

