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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.

#### Information as of September 30, 2022

|   |
|---|
| <b>Measure #1: The rating of the MOA’s general obligation by Standard &amp; Poor’s and Fitch.</b> |
|---|

| 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 | AAA Stable   | AA+ Stable |
| 2021 | AA+ Negative | AA+ Stable |
| 2022 | AA Negative  | 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>2021</b> | GO-GP (refunding) B      | 25,595,000 | 1,991,520             | 1,776,259             |
|             | GO-Schools (refunding) D | 35,740,000 | 2,836,228             | 2,528,815             |
| <b>2022</b> | No Refunding Activity    |            |                       |                       |
|             | <b>Grand Total</b>       |            | <b>\$ 295,277,263</b> | <b>\$ 124,455,300</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 – 2020                     | 3,000,000           |
| 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 – 2021*                 | 16,969,157          |
| <b>2006 – 2021 Savings Achieved</b>                        | <b>\$94,275,157</b> |

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

| <b>Measure #3: Monthly compliance report for investments that measure if the investments in the portfolio are compliant with AMC and P&amp;P 24-11.</b> |                             |  |
|---|-----------------------------|--|
| <b>Year</b>   | <b>In Full Compliance?</b>  | <b>Notes</b>   |
| <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 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.  |
| <b>2021</b> | <b>Yes, with exceptions</b>            |  |
|             | <b>January, February, and March</b>    | Large cash positions were held in the RMF account for short term spending expected in January, February, and March; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return). |
|             | <b>April, May, and June</b>            | Large cash positions were held in the RMF account for short term spending expected in the near term; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return).                |
|             | <b>July, August, and September</b>     | Large cash positions were held in the RMF account for short term spending expected in the near term; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return).                |
|             | <b>October, November, and December</b> | Large cash positions were held in the RMF account for short term spending expected in the near term; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return).                |
| <b>2022</b> | <b>Yes, with exceptions</b>            |  |
|             | <b>January, February, and March</b>    | Large cash positions were held in the RMF account for short term spending expected in the near term; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return).                |
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|             |                             |   |
|-------------|-----------------------------|---|
|             |                             | left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return).   |
|             | <b>October and November</b> | Large cash positions were held in the RMF account for short term spending expected in the near term; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return). |
|             | <b>December</b>             | As of December 31, 2022, we are in full compliance.   |
| <b>2023</b> | <b>Yes, with exceptions</b> |   |
|             | <b>February and March</b>   | Large cash positions were held in the RMF account for short term spending expected in the near term; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return). |

**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<br/>12/31/2022*</b> | <b>2022</b>  | <b>2021</b>  | <b>2020</b> | <b>2019</b> | <b>2018</b>  |
|----------------------------|----------------------------|--------------|--------------|-------------|-------------|--------------|
| <b>BlackRock Portfolio</b> | <b>2.75</b>                | <b>-8.16</b> | <b>0.24</b>  | <b>6.89</b> | <b>9.18</b> | <b>-0.04</b> |
| Benchmark                  | 2.20                       | -8.76        | 0.14         | 6.47        | 8.56        | 0.23         |
| Excess Return              | 0.55                       | 0.10         | 0.10         | 0.42        | 0.62        | -0.27        |
| <b>PNC Portfolio</b>       | <b>1.01</b>                | <b>-3.50</b> | <b>-0.44</b> | <b>3.78</b> | <b>4.35</b> | <b>1.70</b>  |
| Benchmark                  | 0.89                       | -3.69        | -0.47        | 3.33        | 4.03        | 1.60         |
| Excess Return              | 0.12                       | 0.03         | 0.03         | 0.45        | 0.32        | 0.10         |
| <b>APCM Portfolio</b>      | <b>0.95</b>                | <b>1.76</b>  | <b>0.16</b>  | <b>0.65</b> | <b>2.58</b> | <b>1.85</b>  |
| Benchmark                  | 0.84                       | 1.46         | 0.05         | 0.67        | 2.28        | 1.87         |
| Excess Return              | 0.11                       | 0.11         | 0.11         | -0.02       | 0.30        | -0.02        |
| <b>Total MCP</b>           | <b>1.23</b>                | <b>-3.13</b> | <b>0.12</b>  | <b>3.55</b> | <b>5.44</b> | <b>0.67</b>  |

Values are expressed as percentages - \* Quarter 1 2023 returns were not available at the time of 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.

