ANCHORAGE, ALASKA
AO No. 2023-68, As Amended

1 AN OMNIBUS ORDINANCE OF THE ANCHORAGE ASSEMBLY REPEALING
2 CHAPTER 4.50.090, INVESTMENT ADVISORY COMMISSION, AND AMENDING
3 CHAPTER 1.35, OATHS OF OFFICE; CHAPTER 4.40, REGULATORY AND
4 ADJUDICATORY BOARDS AND COMMISSIONS; CHAPTER 6.50.010-.030,
5 CHIEF FISCAL OFFICER, ISSUANCE OF REGULATIONS AND INVESTMENT
6 GUIDELINES FOR MUNICIPAL FUNDS; AND CHAPTER 6.50.060, MOA TRUST
7 FUND, IN SUPPORT OF CREATION OF A NEW FIDUCIARY BOARD OF
8 TRUSTEES TO OVERSEE AND MANAGE THE MOA TRUST FUND AND
9 INVESTMENT RELATED TECHNICAL REFERENCE CHANGES.

10 WHEREAS, at the April 4, 2023 regular election, Anchorage voters approved a
11 fundamental change to Municipal Charter Section 13.11 governing management of
12 the MOA Trust Fund; and
13
14 WHEREAS, this change in management requires the creation of a MOA Trust Fund
15 Board of Trustees; and
16
17 WHEREAS, a substantial addition to and update of relevant sections of Anchorage
18 Municipal Code is necessary to create the MOA Trust Fund Board of Trustees and
19 establish their governance and procedures; now, therefore,

20 THE ANCHORAGE ASSEMBLY ORDAINS:

21 Section 1. Anchorage Municipal Code section 4.50.090, Investment advisory
22 commission, is hereby repealed in its entirety effective April 25, 2024. The
23 Investment Advisory Commission will cease to exist and function at the time the new
24 board of trustees holds its first public meeting. The existing text of this chapter being
25 repealed is attached as Exhibit A, in accordance with Anchorage Municipal Code
26 subsection 1.05.050B.

28 Boards and Commissions, is hereby amended to add a new section .170
29 establishing a new board as follows (the remainder of the chapter is not affected
30 and therefore not set out):

31 4.40.170 – MOA Trust Fund Board of Trustees.

32 A. Establishment and Purpose. There is hereby established a Board of
33 Trustees (“board”) to provide fiduciary oversight and direction to the
34 MOA Trust Fund (“Trust”) described within chapter 6.50.060. The
35 Board of Trustees is authorized to operate under the authority of
Municipal Charter Section 13.11, as approved by a majority of qualified voters of the Municipality of Anchorage (“municipality”) at the April 4, 2023 municipal election.

B. Board profile and formation.

1. Qualifications. Prospective board candidates, except the Chief Fiscal Officer who serves as an ex officio permanent board member and is subject at the beginning of their employment to a separate formal confirmation process by the Municipal Assembly, shall be appointed by the mayor and confirmed by the municipal assembly. _The Assembly may consider such factors as it deems appropriate, including, but not limited to the candidate’s summary of their qualifications and experience in similar positions of responsibility, such as experience as a trustee or participation in institutional investing, particularly involving multiple asset classes, the management of financial institutions, or similar highly relevant experience._ Prior to nomination or confirmation of appointment, all board candidates, except the Chief Fiscal Officer, shall be subject to background check by the Human Resources Department according to standard criteria and to an additional background check by the Finance Department utilizing publicly available finance and investment related regulatory and enforcement agencies including but not limited to FINRA and SEC posted information.

2. Composition. The board shall consist of seven members with staggered designated terms as described in B.4. of this section. The seven members of the board shall be comprised of the following:

   a. The Chief Fiscal Officer shall be a fully empowered voting board member as a permanent ex officio seat.
   b. A majority of the board shall be external members not employed by the municipality (i.e., at least four but no more than five members of a seven member board). External board members shall be residents of the municipality during their tenure on the board.
   c. A minority of the board shall be internal members in active employment status with the municipality (i.e., at least one but no more than two members of a seven member board in addition to the Chief Fiscal Officer). The internal board members shall serve on the board for their appointed term as long as they remain in active employment status with the municipality.

The permanent ex officio seat held by the Chief Fiscal Officer under chapter 6.50, may be temporarily filled by a formally designated, fully empowered individual acting on behalf of or in
the absence of the Chief Fiscal Officer, following formal notification to the Assembly by memorandum. In the absence of the Chief Fiscal Officer and a formal designation, the Chief Fiscal Officer’s seat shall be filled by the Municipal Treasurer, but not by any person simultaneously serving as the Trust manager. The role of the Chief Fiscal Officer as a board member is further described in C.12. of this section. Except for the Chief Fiscal Officer seat, no other board members may designate another person to act on their behalf on the board.

The Trust manager as defined in chapter 6.50.060 shall not be eligible to serve on the board.

3. **Selection.** All board members shall be appointed to the board consistent with the terms of the Municipal Charter. Board seats shall be filled sufficiently to hold a quorum and operate in a fully functioning capacity within one year of the certified April 4, 2023 municipal election results.

4. **Terms.**
   a. Board members, excepting the Chief Fiscal Officer, shall serve four-year terms commencing on October 15 of the year in which appointed and ending four years thereafter on October 14.
   b. To avoid a vacancy until new appointments can be made and confirmed, an appointed board member shall continue to serve until a replacement is seated, except in the case of a member removed in accordance with subsection C.5. of this section. In the event of a vacancy among the board members, a replacement shall be appointed in the manner set forth in this section and shall serve the unexpired term of the member replaced.
   c. Internal board members in active employment status with the municipality shall serve only so long as they remain employed as such.
   d. Appointed members are subject to a term limit of two consecutive full terms beginning when a board member has been appointed to a full four-year term. Time served by a board member during any initial stub term less than four years shall not be counted in connection with the term limit. After serving two consecutive full terms, the same member may be appointed to the board if four full years have transpired since their previous term limit date.
   e. Member terms shall be staggered so that not more than four member terms expire each year. The first three appointed board members, comprised of two external board members and one internal member, shall initially serve stubbed terms of two years for seat one, seat two, and seat three. The remaining three appointed board
member seats, seats four, five, and six, will be appointed to full four year terms.

5. **Removal.** In addition to the process established in AMC 4.05.065, the board may recommend removal of a member for good cause by a vote of three-fourths of the board members who are not the subject of the removal proceeding. Such a vote by the board shall constitute a request to the mayor and assembly to initiate an Ethics Board review and removal of the member per AMC 4.05.065. For the purposes of this section, good cause shall mean fraudulent or dishonest acts, gross neglect of duty, or gross abuse of authority. Examples of potential removal for cause reasons include but are not limited to:

   a. **is convicted of or pleads guilty or no contest to a misdemeanor, felony, or regulatory inquiry involving theft, embezzlement, deception, or other acts of dishonesty**;
      
   b. **any breach of fiduciary duty**;
      
   c. **non-compliance with MOA Code of Ethics per AMC 1.15**;
      
   d. **non-disclosure of material conflict of interest**; or
      
   e. **failure to serve as a committed member by lack of preparation, inconsistent meeting attendance and not performing an active role in board discussions.**

C. **Powers and duties.**

1. The sole and exclusive administration of, and the responsibility for, the proper and effective operation of the Trust is vested in the board. The board shall oversee and direct the functioning of the Trust as set forth in this chapter and shall be the final authority in all matters pertaining to the application, interpretation and administration of the provisions of this chapter.

2. All board members shall serve without compensation, but they shall be reimbursed from the Trust for necessary expenses authorized by the board. External board members are eligible to receive three hundred dollars ($300.00) of stipend for reasonable expenses of attendance including but not limited to mileage for each board meeting attended, not to exceed twelve meetings per year. All other expenses must be preapproved by the board and be reasonably necessary to the function of the board. The board shall, by uniform rule, establish a policy for reimbursement for travel and other expenditures incurred by board members in the course of their duties. Directors and officers insurance may be provided to board members to cover personal liability in accordance with board member duties.
under this section and specifically AMC 4.40.170E may be an allowable expense at the discretion of the board.

3. The board shall defer to the municipal attorney regarding all legal matters, including advice, representation and procurement and use of specialized outside legal counsel. The board is not empowered to directly file or involve itself in any lawsuit without coordination and approval first received from the municipal attorney.

4. The board and its trustees shall be deemed as fiduciaries of the Trust and shall discharge their responsibilities consistent with the Uniform Prudent Investor Act of 1994. Board members shall exercise their fiduciary duties with judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the Trust over time while maximizing the expected total return from both income and the appreciation of capital.

5. The board shall maintain an investment policy which constitutes the board’s overall investment philosophy, as well as other related policies as necessary for the effective management and investment of the assets of the Trust.

6. At such time as the board deems the magnitude and complexity of the Trust’s investment portfolio to warrant additional internal or external staff resources or expertise, the board shall work with the Chief Fiscal Officer to obtain such staff or expertise.
   a. The board’s oversight and management of staff shall be consistent with existing guidance in AMC 3.30 and Personnel Rules, as applicable.
   b. The board is authorized to assume a primary role in the hiring, supervising, and termination of any such newly added ongoing internal or contracted personnel resource.
   c. Should the board retain its own investment staff, the board will be responsible for management and oversight of the responsibilities related to personnel, compensation, succession planning, and development for all investment staff.
   d. The board may delegate responsibilities to investment staff they directly hire as permitted by governance documents.

7. The board shall establish written governance policies and board standards as it deems necessary to ensure effective
operation of the affairs of the board, in accordance with AMC 4.05.120, including but not limited to consideration of subject areas such as potential board member fiduciary directors and officers insurance, financial disclosure practices, report filing expectations regarding potential economic interest conflicts per AMC 1.15.100, potential periodic financial industry background checks for all board members (e.g., FINRA, SEC, and other financial industry regulatory bodies responsible for disciplinary actions) or expectation of self-disclosure of negative regulatory action taken against board member.

8. The board shall proactively create and maintain formal succession and continuity plans to ensure board membership, Trust manager and other municipal personnel resources are sufficient to maintain proper levels of oversight and support for the Trust.

9. The board shall monitor and evaluate changes in legislation and regulations in consultation with the municipal attorney or the Trust’s investment consultant to ensure compliance with all applicable laws and regulations.

10. Notwithstanding any other provision of the Municipal Code, except for limitations imposed in AMC Title 7 and C.3. in this section, the board, in consultation with the Trust’s investment consultant and Trust manager, shall have the authority to acquire, retain and compensate various third party professional services including but not limited to custodian bank, investment manager, specialized legal and accounting services, and other technical or professional staff as may be necessary to fulfill the board’s fiduciary responsibilities.

11. Four members of the board shall constitute a quorum for the transaction of business. Action by the board [and shall have full power to act] under the terms of section 6.50.060 shall require the favorable vote of four members of the board.

12. The Chief Fiscal Officer as an ex officio permanent board member shall have the following role and responsibilities:

   a. Ensure that appropriate financial, operational, and internal controls and procedures including relevant Charter, Code and Finance Department Policies and Procedures are in place to safeguard the assets of the Trust;
   b. Provide staff to the board; and
   c. Monitor the Trust Manager’s execution of board approved actions affecting the Trust.

13. In the absence of specific policies or procedures adopted by
the board, or specifically delineated sections of municipal code tailored to the board, existing municipal code, policies and procedures will be utilized as default.

D. **Board operation and communication.**

1. The board shall meet no less than quarterly and all meetings shall be publicly noticed pursuant to AMC 1.25.015 and 4.05 except as follows:
   a. Regular meetings shall be announced a minimum of 7 days prior to the meeting using one or more of the methods described in the definition of the term "Announcement" in section 1.25.005.
   b. Special or emergency meetings shall be announced a minimum of 24 hours prior to the meeting using one or more of the methods described in the definition of the term "Announcement" in section 1.25.005.

2. The board chair shall be selected by an affirmative majority vote of seated board members. The Chief Fiscal Officer [ex-officio] seat is ineligible to serve as chair.

3. Board chair role and duties:
   a. Serve as presiding officer at board meetings.
   b. Coordinate board meetings, agendas, schedules and presentations in consultation with the Trust manager cited in AMC 6.50.060.
   c. Timely review past meeting minutes and present for approval to the full board.
   d. Facilitate effective and open communications between board and Trust manager, along with maintaining effective relationships with external stakeholders and service providers.
   e. Review and approve travel and other expense reimbursement for board members.
   f. Co-serve as official spokesperson, along with Trust Manager, for matters concerning the Trust.
   g. Ensure that the board meets its obligations and fulfills its governance and fiduciary responsibilities by coordinating with Trust manager to propose for board approval a set of board standards, including a code of conduct, acknowledgement of governing laws and rules, adhering to confidentiality and ethics rules and actions to be taken to rectify potential breach of standards.
   h. Review and assess the performance of the board and the adequacy of governance documents annually and recommend proposed changes to approval by the board.
   i. Provide feedback to Chief Fiscal Officer on performance of Trust manager and supporting staff.
j. Carry out any other duties and responsibilities as assigned by the board.

E. Monitoring, reporting and annual expense appropriation.

1. The board shall establish a policy which sets out its requirements regarding the reports the board will receive on a regular basis in order to meet its responsibility for the oversight and management of the Trust.

2. The board will review on a regular basis, without limitation, the following:
   a. The investment performance of the Trust and each asset class, including the costs of managing the Trust.
   b. The asset allocation and investment risk of the Trust; and
   c. The compliance program of the Trust and Trust manager in relation to applicable laws and regulations, as well as all policies, procedures and bylaws established by the board.

3. The board will coordinate with the Trust manager to review and approve content to be regularly posted and kept updated on the Trust’s dedicated public webpage. Current sitting board member names shall be posted to the Trust’s webpage.

4. No later than six months after calendar year end, the board shall provide an annual report addressed jointly to the mayor and municipal assembly which summarizes major performance and operational highlights of the Trust during the preceding calendar year, as well as commentary on market conditions and potential significant initiatives for the Trust in the coming year.

5. No later than four months after calendar year end, the board shall submit a not-to-exceed annual appropriation resolution document to the Assembly. The accompanying memorandum shall include an estimated breakdown of the anticipated payments and expenses necessary to manage the Trust during the year; the breakdown will include an estimate of anticipated board stipend payments, other board meeting costs, educational training and due diligence travel and per diem costs tied to fiduciary duty, third party service provider fees, possible fiduciary directors and officers insurance costs, intergovernmental charges, and other significant cost categories.

F. Board member liability.

1. No board member shall have any personal liability for any
action taken in good faith within scope of their fiduciary duties.

2. Municipal defense and indemnification provided to board members operating within scope of their fiduciary duties are determined by the municipal attorney according to provisions cited in AMC 1.50.

3. No board member shall be responsible at his or her own expense, to take legal action to correct the misconduct of any other member of the board. A board member shall have an affirmative obligation, however, to publicly reveal any misfeasance, malfeasance or nonfeasance by a co-board member, and upon making such revelation in a public meeting, shall be relieved from further responsibility of the actions of the co-board member.

G. The sunset provisions in AMC 4.05.150 shall not apply to this board.

H. The board shall be governed by and operate in accordance with the provisions of AMC 4.05 generally except where that chapter conflicts with this section.

Section 3. Anchorage Municipal Code section 1.35.010, Principal executive personnel, boards and commissions, is hereby amended to read as follows (the remainder of the section is not affected and therefore not set out):

1.35.010 – Principal executive personnel, boards and commissions.

*** *** ***

B. Principal executive personnel and members of boards and commissions who shall take the oath of office. The following officials and municipal executives shall take and subscribe to the oath of office:

4. Members of regulatory and adjudicatory boards and commissions as set forth in AMC 4.40, including:

*** *** ***

g. MOA Trust Fund board of trustees.

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(AO No. 2000-131, § 1, 9-12-00; AO No. 2002-69, § 1, 5-14-02; AO No. 2018-24, § 1, 4-10-18; AO No. 2021-114, § 1, 1-31-22; AO No. 2022-40(S), § 1, 3-22-22)

Section 4. Anchorage Municipal Code chapter 6.50, Chief Fiscal Officer, is hereby amended to read as follows (the remainder of the chapter is not affected and
Chapter 6.50 CHIEF FISCAL OFFICER

6.50.010 Chief Fiscal Officer[CHIEF FISCAL OFFICER].

A. The Chief Fiscal Officer[CHIEF FISCAL OFFICER] is responsible for the administration of the provisions of this title, except where otherwise provided. In addition to the other duties set forth in this title, the Chief Fiscal Officer[CHIEF FISCAL OFFICER] shall:

1. [A.] Supervise the employees of the department of finance;

2. [B.] Administer the financial affairs of the municipality, including the keeping of itemized accounts of money received and disbursed and payment of money on vouchers drawn against appropriations, and supervise the tax assessment function of the government;

3. [C.] Directly supervise the keeping of the general accounts of the municipality;

4. [D.] Review and approve in writing all accounting forms, books and blanks in use and any changes to or introduction of forms;

5. [E.] Be custodian of all municipal funds, checks, vouchers and other documents relating to the municipal expenditures, franchises, rents and special privileges, contracts, leases and agreements, copies of which shall be furnished by the municipal clerk;

6. [F.] Be responsible for the administration and management of the municipality’s debt and the investment of municipal funds, not otherwise delegated in Anchorage Municipal Code; and

7. [G.] Advise the mayor and the Assembly[ASSEMBLY] on fiscal policy.

B. In the absence of written delegation of authority by the Chief Fiscal Officer[CHIEF FISCAL OFFICER], the controller is authorized to perform the duties of the Chief Fiscal Officer[CHIEF FISCAL OFFICER] in the absence or disability of the Chief Fiscal Officer[CHIEF FISCAL OFFICER].

(GAAB 9.20.020; AO No. 21-76; AO No. 94-147, § 1, 8-23-94)

6.50.020 Issuance of Regulations[REGULATIONS].

The Chief Fiscal Officer[CHIEF FISCAL OFFICER] may issue regulations in accordance with the Administrative Procedures Act to implement the provisions of this title.
(AO No. 1976-248(A))


A. **Definitions.** For the purposes of this section, the following definitions shall apply:

**Asset Backed Commercial Paper (ABCP)** means a short-term investment vehicle with a maturity that is typically between 30 and 270 days. The security itself is typically issued by a bank or other financial institution. Unlike commercial paper, the notes are backed by physical assets such as trade receivables, and are generally used for short-term financing needs.

**Bank** means a state or federally chartered commercial or mutual bank, savings and loan association or credit union located in the United States and having insurance of accounts through the appropriate federal insuring agency of the United States.

**Broker/Dealer** means a qualified institution including depository banks, any Federal Reserve Bank, government securities dealers, or broker dealer registered in compliance with the Securities Exchange Act of 1934.

**Certificate of deposit** means a nonnegotiable certificate of deposit or other depository agreement issued or to be issued to the Municipality by a Bank.

**Code or AMC** means Anchorage Municipal Code.

**Collateralized Debt Obligation (CDO)** means an investment-grade security backed by a pool of debt but are often non-mortgage loans or bonds. Similar in structure to a collateralized mortgage obligation (CMO) or collateralized bond obligation (CBO), CDOs are unique in that they represent different types of debt and credit risk. In the case of CDOs, these different types of debt are often referred to as 'tranches' or "slices." Each slice has a different maturity and risk associated with it. The higher the risk, the more the CDO pays.

**Commodities** means bulk goods such as grains, metals, and foods traded on a commodities exchange or on the spot market.

**Contingency Reserve Portfolio** means that portion of the Portfolio used as a defensive fixed income portfolio, with an average duration within half a year of its benchmark. The Contingency Reserve Portfolio is intended as a buffer between the Working Capital Portfolio and the Strategic Reserve Portfolio. The objective of this fixed income portfolio is to provide a high level of current income consistent with low volatility of principal. The Contingency Reserve Portfolio is not designed to provide daily liquidity yet seeks higher returns with some preservation of principal by employing a broader range of sectors and tactically managing duration.

**Derivatives** means a security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include, but are not limited to, stocks, bonds, commodities, currencies, interest rates and market indexes. Most derivatives are characterized by high leverage. Futures
contracts, forward contracts, options and swaps are the most common types of derivatives. Derivatives are contracts and can be used as an underlying asset. Derivatives are generally used as an instrument to hedge risk, but can also be used for speculative purposes.

Equity Investments means investments in foreign or domestic stocks or mutual funds that have investments in foreign or domestic stocks.

FDIC means the Federal Deposit Insurance Corporation.

FHLMC or Freddie Mac means Federal Home Loan Mortgage Corporation.

Fitch means Fitch Ratings, Inc., a nationally recognized statistical rating organization (NRSRO).

FNMA or Fannie Mae means Federal National Mortgage Association.

Forward Contract means a cash market transaction in which delivery of the commodity is deferred until after the contract has been made. Although the delivery is made in the future, the price is determined on the initial trade date. (Most forward contracts do not [DON’T] have standards and are not [AREN’T] traded on exchanges. A farmer would use a forward contract to "lock-in" a price for his grain for the upcoming fall harvest.)

Futures Contract or Futures means a contractual agreement, generally made on the trading floor of a futures exchange, to buy or sell a particular commodity or financial instrument at a pre-determined price in the future. Futures contracts detail the quality and quality of the underlying asset; they are standardized to facilitate trading on a futures exchange. Some futures contracts may call for physical delivery of the asset, while others are settled in cash.

GNMA or Ginnie Mae means Government National Mortgage Association.

IBRD means the International Bank for Reconstruction and Development.

Index Fund means a type of mutual fund with a portfolio constructed to match or track the components of a market index, such as the Standard & Poor's 500 Index (S&P 500). An index mutual fund is said to provide broad market exposure, low operating expenses and low portfolio turnover.

Interfund loan means a loan from a MCP to a Municipal Fund extending outside a fiscal year.

Moody’s means Moody’s Investors Service, Inc., a nationally recognized statistical rating organization (NRSRO).

Municipal Cash Pool or MCP means that portion of the Portfolio that is invested by external managers and represents the Duration/Risk Portfolio investment objective of this part of the Code.

Mutual Fund means a diversified mutual fund, including index funds, registered under the Securities Act of 1933 and Investment Company Act of 1940.

NRSRO means a nationally recognized statistical rating organization.

Non-Dollar Denominated Securities means a financial instrument that has its face value denominated in a currency other than the U.S. dollar.

Operating Policy & Procedures means the Municipality's Policy & Procedures established and related to investments.

Options means a contract between a buyer and a seller that gives the buyer the right—but not the obligation—to buy or to sell a particular asset
(the underlying asset) at a later day at an agreed price. In return for granting the option, the seller collects a payment (the premium) from the buyer.

*Portfolio* means aggregate balance of all Municipal funds currently under investment. It excludes real estate owned by the Municipality, including real estate owned by the Heritage Land Bank and any component unit of the Municipality. Portfolio excludes debt proceeds in escrow for defeased debt. Portfolio excludes assets invested within the MOA Trust Fund, the Police and Fire Pension, the Municipal Prefunding Trust, and the Police and Fire Medical Trust.

*Portfolio Benchmark* means a blended benchmark consisting of the individual portfolios respective benchmarks, weighted at their beginning-of-period market values throughout budgetary and economic cycles, taking into account the Municipality's investment risk constraints and the cash flow characteristics of the Portfolio.

*Rated Bank* means:

1. A bank whose short term debt issues are rated at least A-1 or P-1 or F-1, or whose long term debt issues are rated at least A by S&P [STANDARD AND POOR'S (S&P)], Moody's [MOODY'S INVESTORS SERVICE (MOODY’S)], or Fitch [FITCH RATINGS (FITCH)] or the equivalent by a nationally recognized statistical rating organization [SERVICE]; or
2. A bank whose letters of credit secure third-party debt issues rated at least A by S&P or its equivalent by a nationally recognized statistical rating organization [SERVICE]; or
3. A bank which is a subsidiary of a one-bank holding company, all of whose commercial paper is rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch or the equivalent by a nationally recognized statistical rating organization [SERVICE].

*Real Estate Investments* means land and all physical property associated with it. This includes all investments that have an interest in land ownership including real estate investment trusts.

S&P Global or S&P means S&P Global, a nationally recognized statistical rating organization (NRSRO).

*Securities* means any authorized investment listed in subsection D.

*Securities Lending* means an investment strategy in which investors make short-term loans of their securities to generate incremental revenues from their portfolios. Loans are typically collateralized by at least 102 percent with cash or government backed securities.

*Short Sales* or *Selling Short* means the sale of a security or contract related to a security not owned by the seller. Selling Short is a technique used to take advantage of an anticipated price decline in the security.

*Split Rated* or *Split Rating* means when a debt security or a debt issuer has ratings from two or more NRSROs [NATIONALLY RECOGNIZED RATING AGENCIES] that are different. In this situation, the lowest rating applies for the purposes of this section of the Anchorage Municipal Code when determining if an investment is an Authorized Investment.

*Strategic Reserve Portfolio* means that portion of the Portfolio that is analogous to an intermediate fixed income portfolio, managed with a
maximum duration no greater than one-year in excess of its benchmark. The Strategic Reserve Portfolio is intended for residual cash balances for which the Municipality does not foresee utilizing over a rolling three-year forecast period. The objective of the Strategic Reserve Portfolio is to generate excess return through effective sector selection, issue selection, and duration management.

*Structured Investment Vehicles (SIVs)* means a special kind of conduit or a special purpose vehicle or entity that is bankruptcy remote, which means that it is a separate business entity and is not rolled up into the sponsoring company's balance sheet. It is a type of structured vehicle that issues ABCP. Many SIVs are administered by large commercial banks or other asset managers such as investment banks or hedge funds. They issue ABCP as a way to fund purchases of investment grade securities and also to earn the spread based on the term to maturity differential. They usually invest the majority of their portfolios in "AAA" and "AA" assets, which include an allocation to residential mortgage-backed securities. In contrast to a multi-seller or securities arbitrage conduit, a SIV does not employ credit enhancement, and the underlying SIV assets are marked to market at least weekly.

*Swap* means a derivative in which two counterparties agree to exchange one stream of cash flow against another stream. These streams are called the legs of the swap. The cash flows are calculated over a notional principal amount, which is usually not exchanged between counterparties. Consequently, swaps can be used to create unfunded exposures to an underlying asset, since counterparties can earn the profit or loss from movements in price without having to post the notional amount in cash or collateral. Swaps can be used to hedge certain risks such as interest rate risk, or to speculate on changes in the expected direction of underlying prices.

*TBA* means a term used to describe a forward mortgage-backed securities trade. Pass-through securities issued by Freddie Mac, Fannie Mae and Ginnie Mae trade in the TBA market. The term TBA is derived from the fact that the actual mortgage-backed security that will be delivered to fulfill a TBA trade is not designated at the time the trade is made. The securities are "to be announced" 48 hours prior to the established trade settlement date. The settlement procedures of mortgage-backed securities TBA trades are established by the Bond Market Association.

*Variable Rate Demand Obligation (VRDO)* means a debt security which bears interest at a floating (variable) rate adjusted at specified intervals (such as daily, weekly, or monthly) and can be redeemed at its holder's option when the rate changes. Also known as a low floater, variable rate demand note, or variable rate demand bond.

*Working Capital Portfolio* means that portion of the Portfolio managed for very short-term liquidity, typically with a duration band of zero to 270 days. The Working Capital Portfolio is intended to provide for same-day liquidity for working capital management. In addition to providing liquidity, the objective of the Working Capital Portfolio is to preserve principal and generate current income by investing in a portfolio of high-quality, short-term instruments.

B. *Management of Municipal Funds.*
1. It is the policy of the Municipality to invest public funds in a manner that provides the highest investment return consistent with preservation of capital while meeting the daily cash flow demands of the Municipality.

2. Investment decisions shall be guided by this section, and the Operating Policy & Procedures for investment of municipal funds [MUNICIPAL FUNDS], as modified from time to time by the Chief Fiscal Officer.

3. The Chief Fiscal Officer shall obtain the services of [SUCH] investment advisors [MANAGERS, ADVISORS, CUSTODIANS] and other professionals as are reasonably prudent and necessary to manage and invest all municipal funds [MUNICIPAL FUNDS].

4. The Chief Fiscal Officer shall be responsible for the [SOLICIT INPUT FROM THE INVESTMENT ADVISORY COMMISSION MEMBERS PRIOR TO THE FINAL] selection of any investment advisors or other professionals [SERVICE PROVIDERS] for the Portfolio.
   a. [FOR AN I] Investment advisors [MANAGER, ADVISOR, CUSTODIAN] or other professionals contracted under the provisions of this section, Assembly [ASSEMBLY] approval is not required;
   b. The Chief Fiscal Officer shall report within 90 days to the Assembly, by Assembly Informational Memorandum, on contracts entered into pursuant to the provisions of this section including, but not limited to, the duties of be performed by the contractor and the compensation paid[.]; and
   c. The Chief Fiscal Officer shall, at all times, employ the services of an independent investment advisor for the purposes of providing independent investment advice and guidance for the management of the MCP and the internally managed investment portfolio.

5. Restricted funds, whether subject to unrealized gains or losses or realized gains or losses, shall be deposited into separate and restricted alternative investments, bank accounts or other accounts which may be interest bearing and held by financial institutions for the benefit of the municipality, with all revenues and expenses associated with such funds allocated to such investments or accounts. Restricted funds may be com[- mingled with other similarly restricted funds within the discretion of the Chief Fiscal Officer.

C. Investment Objective. The primary objectives, in priority order, of the Municipality’s investment activities shall be:
1. **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the Municipality shall be undertaken in a manner seeking to ensure the preservation of capital in the overall Portfolio. To attain this objective, diversification is required to reduce overall Portfolio risk while attaining market rates of return.

2. **Liquidity.** The Municipality's investment Portfolio shall remain sufficiently liquid to enable the Municipality to meet all reasonably anticipated operating requirements.

3. **Return on Investment.** The Municipality's investment Portfolio shall be designed with the objective of outperforming the total Portfolio Benchmark.

4. **Duration/Risk Portfolio.** The Municipality's MCP [INVESTMENT PORTFOLIO] shall be structured into three duration portfolios, each designed to fulfill a specific liquidity requirement and together shall comprise the MCP. The balance of each portfolio of the MCP shall be determined by the Chief Fiscal Officer and shall be based upon the liquidity requirements of the Municipality as determined by a forecast of municipal use of funds and required liquidity. The Chief Fiscal Officer shall evaluate the liquidity requirements of the MCP and rebalance the three portfolios appropriately on at least an annual basis. [ALLOCATIONS INTO EACH PORTFOLIO SHALL CONSIST OF AN ABSOLUTE VALUE DERIVED FROM A ROLLING THREE-YEAR FORECAST, RE-EVALUATED ON AN ANNUAL BASIS.]

**D. Authorized Investments.** In order to provide maximum security for the investment of public funds and to provide the greatest interest revenue consistent with safety, only the following investments of the Municipality’s funds are authorized (where the issue or issuer is Split Rated, the lower of the ratings shall apply):

1. Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies.

2. Corporate Debt Securities that are guaranteed by the U.S. government or the FDIC as to principal and interest.

3. Taxable and tax-exempt municipal securities having a long-term rating of at least A- by a NRSRO [NATIONALLY RECOGNIZED RATING AGENCY] or a taxable or tax-exempt municipal security having a short-term rating of at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch.
4. IBRD Debt Securities issued and guaranteed by the IBRD and rated AAA by a nationally recognized statistical rating organization [AGENCY].

5. Commercial paper rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch.

6. Bank debt obligations, including unsecured certificates of deposit, notes, time deposits, and bankers' acceptances (with maturities of not more than 365 days), and deposits with any Bank, the short-term obligations of which are rated at least "A-1" by S&P or "P-1" by Moody's or "F-1" by Fitch and is either:
   a. Incorporated under the laws of the United States of America, or any state thereof, and subject to supervision and examination by federal or state banking authorities; or
   b. Issued through a foreign bank with a branch or agency licensed under the laws of the United States of America, or any state thereof, or under the laws of a country with a Moody's sovereign rating for bank deposits of "Aaa", or an S&P sovereign rating of "AAA", or a Fitch national rating of "AAA", and subject to supervision and examination by federal or state banking authorities.


8. Dollar denominated corporate debt instruments rated BBB- or better by S&P['S RATING SERVICE] (investment grade) or the equivalent by another nationally recognized statistical rating organization [AGENCY].

9. Dollar denominated corporate debt instruments, rated below BBB- by S&P['S RATING SERVICE] or the equivalent by another NRSRO [NATIONALLY RECOGNIZED RATING AGENCY], including emerging markets.

10. Dollar denominated debt instruments of foreign governments rated BBB- or better by S&P ['S RATING SERVICE] or the equivalent by another nationally recognized statistical rating organization [AGENCY].

11. Asset Backed Securities (ABS), other than commercial paper, collateralized by: credit cards, automobile loans, leases and other receivables which must have a credit rating of AA- or above by S&P['S RATING SERVICE] or the equivalent by another nationally recognized statistical rating organization [AGENCY].
12. Mortgage Backed Securities, including generic mortgage-backed pass-through securities issued by GNMA, FHLMC, FNMA, Non-agency mortgage-backed securities, Collaterized Mortgage Obligations (CMOs), or Commercial mortgage-backed securities (CMBS), which must have a credit rating of AA- or better by S&P['S RATING SERVICE] or the equivalent by another nationally recognized statistical rating organization [AGENCY].

13. Debt issued by the Tennessee Valley Authority.

14. Money Market Mutual Funds rated "Am" or better by S&P [STANDARD & POOR'S RATING SERVICE], or the equivalent by another nationally recognized statistical rating organization [AGENCY], and consisting of any or all of the securities authorized for investment in this section of the Code.

15. Alaska Municipal League Investment Pool (AMLIP), consistent with all other provisions of this section of the Code.

16. Mutual Fund Investments so long as the overall nature of the fund is generally consistent with this section of the Code.


E. Prohibited Investments. Prohibited Investments for the Portfolio are those not listed under Authorized Investments and specifically include Equity Investments. Prohibited Investments also include the sale or purchase of futures or option contracts for any security. Other Prohibited Investments include:

1. SIVs;

2. ABCP;

3. The selling short of any security;

4. Non-[ ]dollar denominated securities;

5. Commodities; and

6. Real estate investments.

F. Use of Derivatives. Derivatives shall not be used as an investment in the Portfolio with the exception of:

1. TBAs; and
2. Derivative securities of which the ultimate payment of principal and or interest on the security is guaranteed by the U.S. government or an agency of the U.S. government.

G. Securities Lending. This type of program is permissible only if recommended by the Chief Fiscal Officer and the Municipality’s independent investment advisor and approved by the Municipal Assembly.

H. Reporting. The Chief Fiscal Officer shall submit to the Assembly on a quarterly basis reports addressing MCP [PORTFOLIO] performance and compliance. The quarterly report shall also address the use of investment advisors and other professionals [CONSULTANTS AND EXTERNAL MONEY MANAGERS], the use of derivatives and securities lending activities [AND BANK LINES OF CREDIT]. The quarterly report shall also include compliance with the requirements regarding MCP [PORTFOLIO] diversification, maximum holdings by type of authorized investment, and MCP [PORTFOLIO] performance compared with MCP [PORTFOLIO] benchmarks.

(AO No. 82-200(S); AO No. 97-60, § 1, 7-22-97; AO No. 2006-145, § 1, 10-31-06; AO No. 2009-80, §§ 1, 2, 7-21-09; AO No. 2013-70, § 1, 6-4-13)

*** *** ***

6.50.060 MOA Trust Fund.

A. Definitions. In this section, unless the context clearly indicates otherwise:

Annual earnings means the amount of interest, dividends, and realized gains and losses from investment activities at the end of each fiscal year.

Annual dividend means the amount annually appropriated by the assembly from the [MOA] Trust [FUND] and distributed with concurrence from the board [TO MOA TO REPLACE THE ATU DIVIDEND]. The annual dividend is subject to the controlled spending policy and shall be paid no later than 15 days prior to the end of the fiscal year in which the dividend is appropriated.

Average asset balance means the market value of [THE] Trust [POOLED TRUSTS’] assets, including accrued investment interest and dividends, averaged according to the following specified terms:

2020 annual dividend payment to be based on the average asset balance associated with the audited December 31, 2019 market value and the initial month end market value associated with the ML&P sale closing date, using the full amount of anticipated net ML&P sale proceeds, as assigned to the [MOA] Trust [FUND] in accordance with ML&P sale closing documents.
2021 annual dividend payment to be based on the average asset balance associated with the trailing two consecutive quarters ending March 31, 2021.

2022 annual dividend payment to be based on the average asset balance associated with the trailing six consecutive quarters ending March 31, 2022.

2023 annual dividend payment to be based on the average asset balance associated with the trailing ten consecutive quarters ending March 31, 2023.

2024 annual dividend payment to be based on the average asset balance associated with the trailing 14 consecutive quarters ending March 31, 2024.

2025 annual dividend payment to be based on the average asset balance associated with the trailing 18 consecutive quarters ending March 31, 2025.

2026 and later years’ annual dividend payment to be based on the average asset balance associated with the trailing 20 consecutive quarters ending March 31 of each fiscal year.

*Board* means Board of Trustees as defined in AMC 4.40.170.

*CFO* means Chief Fiscal Officer per AMC 6.50 who has a specific board role as outlined in AMC 4.40.170, manages finance department resources and performs oversight of the Trust manager for all work related to managing and overseeing the Trust.

Corpus of the [MOA] Trust [FUND] (or corpus) means:
1. The aggregate of the following proceeds previously deposited by the assembly:
   a. Proceeds from the sale of ATU after retirement of ATU debt;
   b. Proceeds allocated from the police and fire retirement system settlement; and
   c. Proceeds from the sale of ML&P determined in accordance with Anchorage Charter Section 13.11(a).

Plus:
2. Increases from:
   a. Inflation-proofing from available annual earnings in calendar years 1999 and 2000;
   b. Residual market value appreciation remaining after paying the annual dividend each fiscal year beginning 2002, in accordance with the controlled spending policy; and
   c. Any other amounts the assembly may add.

Reduced by:
3. Fund expenses.

*Endowment method* means a long-term investment strategy that promotes corpus growth by establishing a controlled spending policy, thereby requiring the annual dividend calculation to be tied to a rolling average asset balance of the Trust [POOLED TRUSTS] and providing for reinvestment of any net annual earnings remaining after the annual dividend is determined.
*Finance department* means all divisions of the finance department which report directly to the CFO (e.g., Treasury, Public Finance & Investment, and Controller).

*Fund expenses* means incurred expenses which are reasonably prudent and necessary to manage and invest the assets of [POOLED TRUSTS], including all fees charged by external service providers such as investment managers, advisors, custodians and other professionals, and also including any other expenses cited in AMC 4.40.170 and MOA's internal direct and indirect expenses incurred in providing administrative and oversight services for the benefit of the Trust [POOLED TRUSTS]. Fund expenses are funded by annual earnings [AND ARE ALLOCATED TO THE POOLED TRUSTS ON A PRO-RATA BASIS].

*MOA* means Municipality of Anchorage.

[POOLED TRUSTS MEANS THE MOA TRUST FUND (FUND 730) AND MOA TRUST RESERVE (FUND 731) UNTIL SUCH TIME AS THE BALANCE OF THE MOA TRUST RESERVE IS ZERO.]

*Trust* means MOA Trust Fund.

*Trust manager* means the non-represented position held by the deputy municipal treasurer who reports directly to the CFO for all matters related to management and oversight of the Trust.

B. **MOA Trust Fund established.** Pursuant to Charter § 13.11, there is hereby established the MOA Trust Fund [AS FUND 730] to be defined as an endowment fund with a controlled spending policy limiting dividend distributions and managed by the board in conjunction with the Trust manager [MUNICIPAL TREASURER].

[C. **MOA TRUST RESERVE ESTABLISHED.** THERE IS HEREBY ESTABLISHED THE MOA TRUST RESERVE AS FUND 731 TO HOLD THE ATU REVENUE BOND RESERVE INVESTMENT AND ANY OTHER AMOUNTS THE ASSEMBLY MAY DEPOSIT, THE CORPUS OR EARNINGS OF WHICH MAY BE USED UPON APPROVAL OF THE ASSEMBLY TO (1) SUPPLEMENT THE MOA TRUST FUND ANNUAL DIVIDEND, (2) PROVIDE A REDUCTION IN PROPERTY TAXES, (3) RETIRE MUNICIPAL DEBT OR (4) CONTRIBUTE ADDITIONAL FUNDS INTO THE MOA TRUST FUND CORPUS.]

[D. **Controlled spending policy.** No more than four [FIVE] percent of the average asset balance may [WILL] be available for annual dividend distribution in Year 2022[0] [ONLY AND THE MAXIMUM PAYOUT PERCENTAGE RATE SHALL BE REDUCED TO FOUR AND ONE-HALF PERCENT] and thereafter. The four [AND ONE-HALF] percent cap is tied to an endowment method whereby long-term capital market projections for average annual investment return over the next ten to twenty years are netted against projected inflation (e.g., if long-term capital market projections in a given year indicated a six [AND ONE-HALF] percent average annual investment return less two percent average annual inflation, this would lead to a projected "net" average annual rate of return of four [AND ONE-HALF] percent).
D. [E.] **Net annual earnings.** Annual earnings are reported net of fund expenses. Net annual earnings remaining after paying the annual dividend each fiscal year are reinvested in the Trust [POOLED TRUSTS ON A PRO-RATA BASIS].

E. [F.] **Assembly appropriation.** Subject to and in accordance with the controlled spending policy, the assembly may [SHALL] make an appropriation from the [MOA] Trust [FUND 730] on an annual basis to [(1) PROVIDE AN ANNUAL DIVIDEND FROM THE FUND TO REPLACE THE ATU DIVIDEND AND/OR (2)] reduce property taxes.

F. [G.] **Management of the Trust [POOLED FUNDS].** Pursuant to Anchorage Municipal Charter § 13.11 and AMC 4.40.170 [(C) AND SECTION 6.70.010], the Trust manager [MUNICIPAL TREASURER], under the direction of the board and supervision of the CFO [CHIEF FISCAL OFFICER], shall assume the following duties and responsibilities: [MANAGE THE POOLED TRUSTS IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION.]

1. **Serve as primary liaison for all parties associated with serving the purpose of managing the day-to-day operations of the Trust in accordance with direction and parameters established by the board.**

2. **Establish and maintain communication with municipal departments and other agencies of government as necessary for the management of the Trust, and timely provide requested Trust financial information to the Controller Division and external auditors upon request.**

3. **Monitor ongoing compliance to the Trust’s current investment policy statement in terms of the proportion of total assets to be invested within a minimum-maximum range at any point in time.**

4. **Procure supplies, equipment, board meeting items, and non-professional contracted services of direct benefit to the Trust, consistent with authority and direction received from the board and adhering to municipal purchasing department Title 7 requirements for all such purchases and with respect to any disposal or surplus or excess municipally owned property.**

5. **Periodically review and confer with the CFO regarding the Trust’s internal controls and procedures to ensure that the operations of the Trust are performed in a secure and appropriate manner in accordance with municipal code and municipal policies.**
6. Direct and supervise the preparation of periodic (monthly, quarterly, and annual) investment status reports of the Trust in coordination with the Trust’s investment consultant, asset managers, and custodian.

7. Direct and supervise the conduct of all necessary due diligence that is appropriate in the search and selection of all service providers of the Trust.

8. Negotiate and execute the terms and provisions of all agreements and contracts with the service providers of the Trust, including agreements and contracts directly sourced by the board in compliance with AMC 4.40.170C.3 and C.10.

9. Develop and recommend to the board a monitoring and reporting policy which sets out the board’s requirements regarding the reports it needs to receive on a regular basis in order to meet its responsibility for the oversight and management of the Trust.

10. Monitor on an ongoing basis, without limitation, the following:

   a. The investment performance of the Trust, asset classes, and investment managers and portfolios, including the costs of managing the Trust;

   b. The asset allocation and investment risk of the Trust; and

   c. The compliance of the Trust with all applicable laws and regulations, as well as all policies, procedures and any bylaws established by the board.

11. Communicate and recommend, as needed, to CFO changes or enhancement to the amount of finance department resource needed, including pay and skill level, to properly support management and oversight of the Trust.

12. The Trust manager shall develop and recommend to the board an annual expenditure appropriation for the Trust, and upon approval by the board the Trust Manager shall submit the appropriation to the Assembly via Resolution and supporting Memorandum.

13. The Trust manager, with dual signature from the CFO or designee, shall have the authority to make all necessary operational expenditures of the Trust, consistent with monetary appropriations, policies, and internal controls established by the board.
14. The Trust manager and CFO, jointly, shall have the authority
to execute all formal documents and contracts on behalf of
the Trust, consistent with board direction.

15. Other duties as specified in AMC 4.40.170.

[1. 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.

A. THE MUNICIPAL TREASURER MAY PROCURE
SERVICES FROM MONEY MANAGER FIRMS,
INCLUDING TRANSITION MANAGER FIRMS,
THROUGH AN INVESTMENT CONSULTANT AS
PROVIDED IN SUBSECTION 7.20.080A.4. THE
INVESTMENT CONSULTANT SHALL BE SELECTED
THROUGH A COMPETITIVE PROCESS. THE
MUNICIPAL TREASURER SHALL COORDINATE
WITH THE INVESTMENT CONSULTANT AND SHALL
SOLICIT INPUT FROM INVESTMENT ADVISORY
COMMISSION MEMBERS AND THE CHIEF FISCAL
OFFICER PRIOR TO THE FINAL SELECTION OF A
MONEY MANAGER. FOR A MONEY MANAGER FIRM
CONTRACTED UNDER THE PROVISIONS OF THIS
SECTION, ASSEMBLY APPROVAL SHALL NOT BE
REQUIRED PROVIDED, HOWEVER, THE MUNICIPAL
TREASURER SHALL REPORT TO THE ASSEMBLY
ON A QUARTERLY BASIS, THROUGH AN ASSEMBLY
MEMORANDUM, ON MONEY MANAGER
CONTRACTS ENTERED INTO PURSUANT TO THE
PROVISIONS OF THIS SECTION INCLUDING, BUT
NOT LIMITED TO, THE DUTIES TO BE PERFORMED
BY THE CONTRACTOR AND THE COMPENSATION
PAID. ALL MONEY MANAGER CONTRACTS
ADOPTED IN ACCORDANCE WITH THIS SECTION
SHALL BE APPROVED BY THE CHIEF FISCAL
OFFICER PRIOR TO EXECUTION BY THE
MUNICIPALITY.

2. THE ASSETS OF THE POOLED TRUSTS SHALL BE
MANAGED AND INVESTED IN ACCORDANCE WITH
SUBSECTIONS H. THRU J.]

G.[H.] Investment objective[S]. The investment objective[S] of the Trust is
[POOLED TRUSTS ARE] to utilize a balanced investment approach,
combined with a controlled spending policy, to preserve the
purchasing power of the corpus and to maximize rates of return over
time by investing in equity and fixed income instruments, real estate
and alternative investments and strategies, within prudent levels of
risk and consistent with established endowment investment practices.

1. An investment policy, consistent with this section, for the
investment of the Trust [POOLED TRUSTS], shall be
established and from time to time modified, as necessary.

Authorized investments. In addition to the investments authorized by
section 6.50.030, but subject to the investment restriction of this
section, the assets of the Trust [POOLED TRUSTS] may be invested
in the following types of investments:

1. Publicly traded equity investments, including but not limited to
preferred and common stock and investment company shares;

2. Debt instruments issued by the U.S. government, its agencies
and instrumentalities, and debt instruments that have been
issued by domestic and non-domestic entities, subject to
investment grade and currency denomination restrictions cited
in subsection J.2.;

3. Real estate investments in a diversified portfolio of institutional
quality, predominantly income producing properties held in a
collective investment vehicle which limits the Trust’s [POOLED
TRUSTS’] liability;

4. Alternative, basket clause investments utilizing special purpose
investment vehicles, subject to restrictions cited in subsection
J.4.;

5. Fixed income derivative instruments used in an unlevered
manner to implement portfolio strategies consistent with this
section;

6. Cash and cash equivalents including but not limited to
repurchase agreements, certificates of deposit and shares in a
money market or short-term investment fund that consist of
securities of the type and quality as those listed above;

7. Mutual funds or other interests in collective and commingled
investment vehicles that invest predominantly in investments
permitted in this section.
   a. Assets may be invested through a limited liability entity,
      including a corporation, limited partnership, limited
      liability partnership, or limited liability company, or
      through a collective or commingled investment fund,
      including a fund-of-funds.
### Investment restrictions.

Notwithstanding any other provision of this title, investment of the assets of the Trust [POOLED TRUSTS] shall be restricted as follows:

1. **Equity securities.** No more than:
   
   a. Sixty-five percent (65%) of the Trust's [POOLED TRUSTS'] assets may be invested in equity investments;
   
   b. The greater of five percent (5%) or one and one-half times the security's weight in the S&P 500 stock index of the market value of the equity portfolio assets, at the time of the purchase, shall be invested in the equity securities of any one issuer;
   
   c. Five percent (5%) of the voting stock of any corporation may be acquired by the Trust [POOLED TRUSTS].

2. **Fixed income securities.** No more than:
   
   a. Five percent (5%) of the Trust's [POOLED TRUSTS'] fixed income portfolio assets may be invested in the fixed income securities of any single issuer, with the exception of the U.S. government, its agencies and instrumentalities;
   
   b. Ten percent (10%) of the overall Trust's [POOLED TRUSTS'] portfolio at time of purchase may be invested in domestic fixed income securities with:
      
      i. An investment rating below BBB- as measured by Standard & Poor's rating agency (or an equivalent national rating agency), subject to the totality of fixed income asset holdings having an equivalent, aggregate investment grade rating of BBB- or higher when examined on a dollar weighted basis;
   
   c. Thirty percent (30%) of total fixed income assets at time of purchase may be invested in investment grade fixed income securities issued by non-domestic entities whose securities are dollar denominated (or fully hedged in U.S. dollars);
   
   d. Five percent (5%) of the overall Trust [POOLED TRUSTS'] portfolio value at time of purchase may be invested in fixed income securities with:
      
      i. Unhedged, non-dollar denominated investment grade securities, including emerging market debt securities.

3. **Real estate.** No more than:
   
   a. Ten percent of the overall Trust [POOLED TRUSTS'] portfolio value at time of purchase may be invested in real estate investments cited above in subsection I.3.

4. **Basket clause flexibility.** No more than:
a. Ten percent of the overall Trust [POOLED TRUSTS'] portfolio value at time of purchase may be used to provide basket clause flexibility in:
   i. Extending investment parameters in any of the asset classes cited in this section; or
   ii. Utilizing investment vehicles such as limited partnerships or special purpose trusts to provide access to well-diversified alternative investment portfolios or strategies. Examples of such limited liability investments include, but are not limited to, hedge fund of funds (absolute return strategy), private equity, private debt, and various real return and/or inflation hedge products.

[K. REPORTING. AN ANNUAL REPORT ON THE PERFORMANCE OF THE POOLED TRUSTS', INCLUDING NET ANNUAL EARNINGS AND INVESTMENT HOLDINGS, SHALL BE SUBMITTED TO THE MAYOR AND THE ASSEMBLY.]

J.[L.] By March 15, 2007, and by the same date every fifth year thereafter, the Trust manager [MUNICIPAL TREASURER] shall review the controlled spending policy and recommend adjustments, as necessary, to maintain the long-term purchasing power of the [MOA] Trust [FUND].

(AO No. 99-50(S), § 1, 4-6-99; AO No. 99-156, § 1, 1-11-00; AO No. 2000-89, § 1, 6-13-00; AO No. 2000-162(S), § 1, 11-21-00; AO No. 2002-10, § 1, 4-16-02; AO No. 2003-167, § 1, 1-6-04; AO No. 2006-146, § 1, 10-31-06; AO No. 2009-3, § 1, 1-20-09; AO No. 2016-127 , § 1, 11-1-16; AO No. 2020-98 , § 1, retro eff. 1-1-20)

*** *** ***

Section 5. This ordinance shall be effective, after passage and approval by the Assembly and upon the appointment and operational readiness of a full functioning board of trustees serving the MOA Trust Fund, which must be in place no later than one year following certification of the April 4, 2023 municipal election. The Investment Advisory Commission will cease to exist and function at the time the new board of trustees holds its first public meeting.

PASSED AND APPROVED by the Anchorage Assembly this 20th day of June, 2023.

__________________________
Chair

__________________________
Municipal Clerk
Appendix A

***REPEALED***

4.50.090 Investment advisory commission.

A. There is established an investment advisory commission consisting of nine members. Members of the commission shall be qualified by experience in the fields of finance, economics or investments. The commission members shall serve in an advisory capacity only. The municipal treasurer shall serve as the municipality's representative and secretary to the commission.

B. The commission shall meet quarterly or more often as designated by the commission or the municipal treasurer and shall have the following powers, duties, and responsibilities:

1. To give advice on matters concerning the investment of municipal funds, including the ATU Trust Fund, but excluding the municipality's deferred compensation plan funds.
   a. At least annually, the commission shall review the municipality's investments and report to the mayor and assembly on the safety and appropriateness of the investments.

2. To give advice on the MOA Trust Fund on:
   a. Policies, procedures and responsibilities for financial reporting and investments for the prudent and productive investment of municipal funds in the best interest of the municipality and its citizens;
   b. The process of selection, evaluation, retention, use, compensation and advice of financial and investment experts, consultants and managers with a view to minimizing costs and maximizing prudent and productive investment advice and management in the best interests of the municipality and its citizens;
   c. Investments, investment strategies, economic and financial assumptions, asset allocation policies and prudent investment alternatives.

3. To perform such other duties as the municipal treasurer may reasonably request or the assembly may designate from time to time.

C. The sunset provisions in section 4.05.150 shall not apply to this commission.

(AO No. 95-46, § 1, 3-7-95; AO No. 99-50(S), § 2, 4-6-99; AO No. 99-156, § 2, 1-11-00; AO No. 2001-60, § 1, 3-27-01; AO No. 2004-67, § 1, 4-13-04; AO No. 2004-96, § 1, 6-8-04; AO No. 2011-64(S-1), § 4, 6-28-11)
FROM: MAYOR

SUBJECT: AN OMNIBUS ORDINANCE OF THE ANCHORAGE ASSEMBLY
REPEALING CHAPTER 4.50.090, INVESTMENT ADVISORY
COMMISSION, AND AMENDING CHAPTER 1.35, OATHS OF OFFICE;
CHAPTER 4.40, REGULATORY AND ADJUDICATORY BOARDS AND
COMMISSIONS; CHAPTER 6.50.010-.030, CHIEF FISCAL OFFICER,
ISSUANCE OF REGULATIONS AND INVESTMENT GUIDELINES FOR
MUNICIPAL FUNDS; AND CHAPTER 6.50.060, MOA TRUST FUND, IN
SUPPORT OF CREATION OF A NEW FIDUCIARY BOARD OF
TRUSTEES TO OVERSEE AND MANAGE THE MOA TRUST FUND AND
INVESTMENT RELATED TECHNICAL REFERENCE CHANGES.

This proposed implementation ordinance is submitted in response to municipal voters
approving Prop #11 at the April 4, 2023, regular election. Voters approved a fundamental
change to Municipal Charter Section 13.11 governing management of the MOA Trust Fund
("Trust"). More specifically, Prop #11 changes the governance structure of the Trust such that
the Municipal Treasurer is no longer the sole named fiduciary; instead, going forward the
Trust will be managed and overseen by a newly formed Board of Trustees who will fulfill their
fiduciary duty consistent with the Uniform Prudent Investor Act. The new Board of Trustees
will be required to report to and advise both the Administration and Municipal Assembly. The
new Board must be fully functioning within one year of the certified election results. The goal
is to appoint new Board members during the summer of 2023 and have the Board fully
functional by the fall of 2023. Once the Board is in-place and functioning the citizen-based
Investment Advisory Commission (IAC, AMC 4.50.090) and its function will cease to exist.

The proposed implementation ordinance was developed after much review and consultation
with the following primary contributors:

- Finance Department (i.e., CFO, Treasury and Public Finance & Investment)
- RVK, investment consultant to Trust
- Investment Advisory Commission
- MOA Law Department
- Other top-level Administration

Most of the content used in the implementation ordinance was sourced from several key
areas that have long been established practices and serve as on-point models for the new
Board of Trustees, namely:

- Prudent Investor Act of 1994
- Alaska Permanent Fund Corporation
- Anchorage Police/Fire Retirement System (AMC 3.85)
- Other municipal code chapters providing baseline practices associated with municipal
  board governance
- Additional online research associated with fiduciary investment boards
The purpose and intent of this original implementation ordinance is to provide rules and direction for the newly formed Board of Trustees to follow during its early years of operation. Once the Board is formed and operational for an estimated two or more years they may at that time have some additional changes to propose to further clarify their role, duties and authority granted to them. For the early years of the new Board’s operation, the proposed ordinance focuses on formally cited well established fiduciary board standards associated with governance and defers to the Board for any other future potential changes to Municipal Code.

Below is a brief summary of each of the sections of the proposed implementation ordinance:

**Section 1.**
Repeals AMC 4.50.090, Investment Advisory Commission. See Exhibit A attached to ordinance for existing Code language to be repealed. The Commission’s mission to provide oversight of the Trust and Municipal Cash Pool will no longer exist as a result of the passage of the ordinance.

**Section 2.**
Establishes a new Board of Trustees under AMC 4.40.170 to manage and oversee the Trust in a fiduciary capacity. This section of the ordinance represents the most substantive new Code language setting the standards and practices for the new Board to adhere to. The specific subject areas contained in Section 2 are summarized as follows:

- Establishment and purpose
- Board profile and formation (i.e., qualification, composition, selection, terms, removal)
- Powers and duties (predominantly modeled after Alaska Permanent Fund and Anchorage Police/Fire Retirement System)
- Board operation and communication
- Monitoring, reporting and annual expense appropriation
- Board member liability
- Sunset provision cited as not applicable

**Section 3.**
Adds new Board of Trustees to list of boards and commissions required to take Oaths of Office (AMC 1.35)

**Section 4.**
Amends a portion of CFO chapter (AMC 6.50.010-.030) primarily to modify the oversight role of the Municipal Cash Pool in response to the repeal of the Investment Advisory Commission’s role going forward. In addition, various updates to technical investment definitions, cross references and format were incorporated.

Amends primary chapter governing the operation of the Trust (AMC 6.50.060). Definitions, modernized references, clarifying language, and cross references to the new Board are amongst the technical changes proposed. The most substantive change to this Code chapter involves removing references to the Municipal Treasurer as the primary position overseeing
and managing the day-to-day affairs of the Trust. Instead, a newly designated Trust manager position is cited within the definitions section and a new section has been created listing all the duties of the Trust manager.

Section 5.

This last section of the ordinance specifies the timeline and conditions for the ordinance to become effective. The Investment Advisory Commission will cease to exist once the new Board of Trustees is functional and has held its first public meeting. The governance rules for the new Board will take effect at their first meeting.

Pursuant to AMC 2.30.053B.1., a summary of economic effects is not included due to no direct, material fiscal impact that is known or accurately quantifiable prior to operation of the new Board of Trustees. Depending on future decisions made by the Board, new expenses for the Trust may arise related to: meeting stipend payments, fiduciary training related costs, directors and officers insurance and other Board approved expenses tied to fulfilling their fiduciary duties. The additional costs incurred by the Trust will vary year-to-year. In year one, an approximate range of additional costs is estimated at $6K-$30K or more.

THE ADMINISTRATION RECOMMENDS APPROVAL.

Prepared by: Daniel Moore, Municipal Treasurer
Approved by: Alden Thern, Acting CFO
Concur: Anne Helzer, Municipal Attorney
Concur: Kent Kohlhase, Municipal Manager
Respectfully submitted: Dave Bronson, Mayor