MOA Trust Fund

Background, Purpose and Structure

Last Updated: January 15, 2010
Background / Purpose of the Fund

- MOA Trust (“Fund”) established May 1999 with total initial investment of $118.6 million from sale of ATU (note: $101.7 million of which was designated as corpus)

- Fund’s characteristics closely aligned with endowments, namely:
  - Long-term investment horizon
  - Pre-defined payout formula not-to-exceed 4% of the trailing 5-year average market value (AO 2009-003)
  - Primary investment objective = maintain purchasing power of the Fund (e.g., 8% investment return minus 3% inflation equals 5% net real return)
Background / Purpose of the Fund (con’t)

Fund purpose:
- Acts as a *mini-permanent fund* for the City
- Value expected to grow slowly over time
- Offsets annual local property tax requirement

Fund distributions:
- Since inception, $85.5 million contributed to General Government Operating Budget
- Fund’s current value at 12/31/09 (unaudited) is $112.7 million
- 2010 budgeted dividend from Fund = $5.1 million (using newly applied 4% formula)
Oversight / Management

- 9-member Investment Advisory Commission:
  - Oversees Fund
  - Strictly advisory (i.e., non-fiduciary role)
  - Meets at least quarterly

- Investment Consultant:
  - 3rd party independent advice (fiduciary role)
  - Quarterly performance reports
  - Money manager searches
  - On-going advice re: alternative investment strategies and investment policy

- Per Charter / Code, Municipal Treasurer:
  - Charter assigns management of Trust Fund to Treasurer (primary fiduciary)
  - Anchorage Municipal Code states Treasurer works under direction of CFO

- Annual reports required by Code from:
  - Municipal Treasurer’s Annual Report (most recent: AIM 59-2000)
  - Investment Advisory Commission’s Annual Report (most recent: AIM 58-2009)
Fund Composition as of 12/31/2009

- Core Bond Plus Fund: 39,081,820 (35%)
- Large Cap Funds: 30,028,699 (27%)
- International Equity Funds: 17,549,236 (16%)
- S&P 500 Institutional Index Fund: 14,678,189 (13%)
- Real Estate Fund: 5,205,808 (5%)
- Small Cap Fund: 3,619,983 (3%)
- Mid Cap Index Fund: 2,437,310 (2%)

Value as of 12/31/09

- Total: 112,601,047
  - Includes all funds

Excludes cash holdings
## History of Dividends paid from MOA Trust

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
</tr>
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<tbody>
<tr>
<td>1999</td>
<td>$9.4M</td>
</tr>
<tr>
<td>2000</td>
<td>$9.6M</td>
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<tr>
<td>2001</td>
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<tr>
<td>2007</td>
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<tr>
<td>2008</td>
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</tbody>
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- **2009 Actual Dividend $6.5M**  
  *(using 5% payout formula)*

- **2010 Projected Dividend $5.1M**  
  *(using 4% payout formula)*
Updated Performance Data / Web Site Info

- Web site info on Fund updated quarterly and made available through link at www.muni.org/moatrust