
Public Finance & Investments Division Finance Department

Anchorage: Performance. Value. Results.

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 all investment portfolios.

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 aggregate investment return, net of fees, that outperforms the benchmark for the MOA’s aggregate portfolio.

Performance Measures

- The rating of the MOA’s general obligation by Standard & Poor’s and Fitch.
- Dollar amount of net present value savings achieved by refunding outstanding debt and with cost effective and innovative sources of financing.
- Monthly compliance report for investments that measures if the investments in the portfolio are in compliance with AMC and P&P 24-11.
- Monthly portfolio performance reports that measure the actual return, net of fees, of the aggregate portfolio compared to the benchmark return for the aggregate portfolio.

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

Year	S & P	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
March 2017	AAA Stable	AA+ Stable

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

Year	Description of Refunding	Par Amount	Nominal Savings	NPV Savings
2008	No Refunding Activity			
2009	AWWU-Water	49,680,000	149,533,362	5,848,119
2010	GO-GP (refunding) C-1	11,715,000	1,036,948	1,133,804
	GO-GP (restructuring) C-2	11,735,000	-2,225,256	-579,537
			-1,188,308	554,267
2011	GO-Schools (refunding) C	28,310,000	1,947,120	1,833,004
2012	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
2013	No Refunding Activity			
2014	GO-GP (refunding) B	89,590,000	11,375,985	10,445,889
	GO-Schools (refunding) D	39,920,000	4,247,874	3,628,808
	ML&P Refunding	12,285,000	1,720,900	1,444,736
2015	GO-GP (refunding) B	93,790,000	17,203,908	9,099,922
	GO-Schools (refunding) D	115,250,000	13,142,354	12,666,635
	CIVICVentures (refunding)	81,040,000	10,155,940	9,196,297
2016	GO-Schools (refunding) C	41,960,000	4,444,132	4,297,132
2017	No Refunding Activity			

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Financing Program

Savings

Master Lease Program 2008 - 2016	700,000
Port Commercial Paper Program 2008 - 2013	7,200,000
ML&P Commercial Paper Program 2012 - 2015	27,400,000
ML&P Direct Loan Agreement 2016	5,100,000
Port Direct Loan Agreement 2013 - 2016	4,500,000
ASU Direct Loan Agreement 2013 - 2016	6,700,000
AWU Direct Loan Agreement 2013 - 2016	8,500,000
Tax Anticipation Note Issues 2006 - 2016 *	11,000,000

2008 - 2016 Savings Achieved	71,100,000
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* Net profit achieved by keeping long-term funds invested in the Municipal Cash Pool

Measure #3: Monthly portfolio compliance report for investments that measure if the Investments in the portfolio are in compliance with AMC and P&P 24 - 11
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Month	In full Compliance?	Notes
December-13	Yes	In full Compliance for entire year
Jan - Apr-14	Yes	
May-14	No	A large inflow of tax payments was received late in the day which caused the Keybank repurchase agreement to have uninvested cash overnight on the last day of the month. This caused the overall percentage of government securities in the internally managed portfolio to dip below the 50% minimum. This was corrected the following business day.
June - July-14	Yes	
August-14	No	A large inflow of cash in the form of commercial paper proceeds was received late in the day which caused the Keybank repurchase agreement to have uninvested cash overnight. This caused the overall percentage of government securities in the internally managed portfolio to dip below the 50% minimum. This was corrected the following business day.
Sept - Oct-14	Yes	
November-14	No	Concentration of investments in one single issuer exceeded the limits established in P&P 24-11 by 1.47%. This was corrected in December.
December-14	Yes	
Jan - June-15	Yes	
July-15	No	On July 31, a large payment was transferred to the internal portfolio for the August 1 debt service payment due US Bank. This was in the money market and not in a US Government security which caused the required 50% Government qualified holding to slip to 48.6%. The ratios returned to over 50% the following day as debt service payments were disbursed for August 1.
August-15	No	On August 31, a large payment was transferred to the internal portfolio for the Sept. 1 debt service payment due US Bank. This was in the money market and not in the US Government security which caused the required 50% Government qualified holding to slip to 39.1%. The ratios returned to over 50% the following day as the debt service payments were disbursed for September 1.
September-15	No	On September 30, the portfolios US Government and agency holdings slipped below the 50% minimum (P&P 24-11) to 39.9%. This ratio was corrected when the debt service was paid on October 1 and a portion of money market funds were invested in agency Notes on October 2.
Oct - Dec-15	Yes	
Jan - July-16	Yes	
August-16	No	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.
Sept - Dec-16	Yes	
Jan – Mar-17	Yes	

Measure #4: Monthly portfolio performance reports that measure the actual return, net of fees, of the aggregate portfolio compared to the benchmark return for the aggregate portfolio.

Since Inception (June 1, 2007) Return			
Yearly Averages	Portfolio	Benchmark	Excess Return
			Over Benchmark
2012	2.71	2.55	0.16
2013	2.35	2.19	0.16
2014	2.12	1.96	0.16
2015	1.96	1.82	0.14
2016	1.77	1.67	0.10

Month	Portfolio	Benchmark	Excess Return
			Over Benchmark
January-15	2.08	1.94	0.14
February-15	2.03	1.89	0.14
March-15	2.04	1.89	0.15
April-15	2.01	1.87	0.14
May-15	2.00	1.86	0.14
June-15	1.95	1.82	0.13
July-15	1.95	1.81	0.14
August-15	1.92	1.79	0.13
September-15	1.93	1.80	0.13
October-15	1.91	1.77	0.14
November-15	1.88	1.74	0.14
December-15	1.84	1.71	0.13
January-16	1.88	1.75	0.13
February-16	1.88	1.75	0.13
March-16	1.90	1.77	0.13
April-16	1.90	1.76	0.14
May-16	1.87	1.74	0.13
June-16	1.92	1.80	0.12
July-16	1.91	1.79	0.12
August-16	1.89	1.76	0.13
September-16	1.88	1.75	0.13
October-16	1.84	1.72	0.12
November-16	1.77	1.67	0.10
December-16	1.77	1.67	0.10
January-17	Pending	Pending	Pending
February-17	Pending	Pending	Pending
March-17	Pending	Pending	Pending

Performance Measure Methodology Sheet
Public Finance and Investments Division
Finance Department

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

Type

Effectiveness

Accomplishment Goal Supported

Maintain at least the current AA rating for the MOA's general obligation as currently assigned by the rating agencies Standard & Poor's and Fitch.

Definition

Our rating measures the strength of the Municipality of Anchorage's ability to repay outstanding debt. A strong rating allows the MOA to issue debt at substantial savings over lower rated debt.

Data Collection Method

Contact rating analysts at Standard & Poor's and Fitch.

Frequency

The Municipality's rating is always available to the Municipality, the investment community and the public.

Measured By

This measure will be measured by the Public Finance & Investments Division Staff. A history of these results will be stored electronically and in hard copy in the office of the Municipal Debt Officer.

Reporting

Reporting is done by the Chief Fiscal Officer whenever new debt is issued and at other times in discussion with the Mayor, Municipal Assembly, the press and investors.

Used By

The investment community

Performance Measure Methodology Sheet
Public Finance and Investments Division
Finance Department

Measure #2: Dollar amount of net present value savings achieved by refunding outstanding debt.

Type

Effectiveness

Accomplishment Goal Supported

Refund any outstanding debt that provides a reasonable net present value savings to the Municipality of Anchorage.

Definition

Measures that the division's staff are reviewing refunding and savings opportunities in the current interest rate environment with the Municipality of Anchorage's financial advisor

Data Collection Method

Cashflow analysis performed by staff and the Municipality's financial advisor which quantifies the savings

Frequency

Annually or as the market interest rate environment presents opportunity

Measured By

This Measure will be measured by the Public Finance & Investments Division Staff. A history of these results will be stored electronically and in hard copy in the office of the Municipal Debt Officer. This review will frequently include a review of cashflow analysis prepared by the MOA's financial advisor.

Reporting

Chief Fiscal Officer reports to the Municipal Assembly upon completion of refunding debt issuance.

Used By

The Municipal Assembly, Mayor, Chief Fiscal Officer, rating agencies and the investment community

Performance Measure Methodology Sheet
Public Finance and Investments Division
Finance Department

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

Type

Effectiveness

Accomplishment Goal Supported

Ensure that the investments within the investment portfolio, which at times aggregate in excess of one billion dollars, comply with the investment guidelines of Anchorage Municipal Code and P&P 24-11.

Definition

Measure that the Division's staff are investing funds of the MOA consistently with the MOA's investment objectives.

Data Collection Method

Compliance reports are prepared for every month end and can be done on any given day as well.

Frequency

Monthly

Measured By

This Measure will be measured by the Public Finance & Investments Division Staff. A history of these results will be stored electronically and in hard copy in the office of the Cash Management & Investments Officer. These results are also delivered every calendar month to the Municipal Assembly by Assembly Information Memorandum as part of the Monthly Investment Report to the Assembly.

Reporting

Chief Fiscal Officer reports to the Mayor and Municipal Assembly on a monthly basis.

Used By

The Municipal Assembly, Mayor, Chief Fiscal Officer, rating agencies and the investment community

Performance Measure Methodology Sheet
Public Finance and Investments Division
Finance Department

Measure #4: Monthly portfolio performance reports that compares the actual return, net of fees, of the aggregate portfolio to the benchmark return for the aggregate portfolio.

Type

Effectiveness

Accomplishment Goal Supported

Ensure that the aggregate portfolio of the Municipality of Anchorage investments are invested to produce a return, net of fees, that outperforms the benchmark for the aggregate portfolio.

Definition

Measure that the Division's staff are investing funds of the MOA consistently with the MOA's investment objectives.

Data Collection Method

Portfolio performance reports are prepared for every month end.

Frequency

Monthly

Measured By

This Measure will be measured by the Public Finance & Investments Division Staff. A history of these results will be stored electronically and in hard copy in the office of the Cash Management & Investments Officer. These results are also delivered every calendar month to the Municipal Assembly by Assembly Information Memorandum as part of the Monthly Investment Report to the Assembly.

Reporting

Chief Fiscal Officer reports to the Mayor and Municipal Assembly on a monthly basis.

Used By

The Municipal Assembly, Mayor, Chief Fiscal Officer, rating agencies, and the investment community