

# ***MOA Trust Fund***

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## Background, Purpose and Structure

Last Updated: January 15, 2010

## ***Background / Purpose of the Fund***

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- ❑ 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)***

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### **□ 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:**

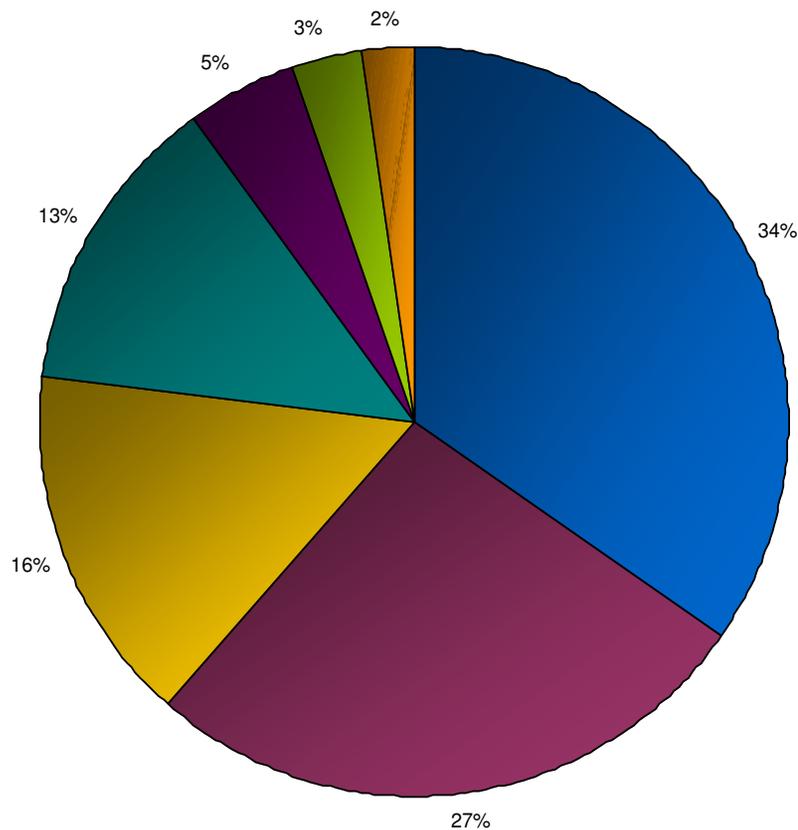
- Since inception, \$85.5 million contributed to General Government Operating Budget
- Fund's current value at 12/31/09 (unaudited) is \$112.7 million
- 2010 budgeted dividend from Fund = \$5.1 million (using newly applied 4% formula)

# ***Oversight / Management***

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- ❑ 9-member Investment Advisory Commission:
  - Oversees Fund
  - Strictly advisory (i.e., non-fiduciary role)
  - Meets at least quarterly
  
- ❑ Investment Consultant:
  - 3<sup>rd</sup> 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



	<b>Value as of 12/31/09</b>	
■ 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%
	<b>112,601,047</b>	
	<i>Excludes cash holdings</i>	

## *History of Dividends paid from MOA Trust*

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- ❑ 2009 Actual Dividend \$6.5M  
*(using 5% payout formula)*
- ❑ 2010 Projected Dividend \$5.1M  
*(using 4% payout formula)*

1999	\$9.4M
2000	\$9.6M
2001	\$9.4M
2002	\$9.4M
2003	\$8.2M
2004	\$6.6M
2005	\$6.6M
2006	\$6.3M
2007	\$6.4M
2008	\$6.6M

## ***Updated Performance Data / Web Site Info***

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- Web site info on Fund updated quarterly and made available through link at [www.muni.org/moatrust](http://www.muni.org/moatrust)