

Municipal Clerk's Office
Amended and Approved
Date: June 20, 2023

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Department of Law and Finance
Department, Treasury and Public
Finance Divisions
For reading: June 6, 2023

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
11 **WHEREAS**, at the April 4, 2023 regular election, Anchorage voters approved a
12 fundamental change to Municipal Charter Section 13.11 governing management of
13 the MOA Trust Fund; and

14
15 **WHEREAS**, this change in management requires the creation of a MOA Trust Fund
16 Board of Trustees; and

17
18 **WHEREAS**, a substantial addition to and update of relevant sections of Anchorage
19 Municipal Code is necessary to create the MOA Trust Fund Board of Trustees and
20 establish their governance and procedures; now, therefore,

21
22 **THE ANCHORAGE ASSEMBLY ORDAINS:**

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25 commission, is hereby repealed in its entirety effective April 25, 2024.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28 repealed is attached as Exhibit A, in accordance with Anchorage Municipal Code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

30
31 **Section 2.** Anchorage Municipal Code chapter 4.40, Regulatory and Adjudicatory
32 Boards and Commissions, is hereby amended to add a new section .170
33 establishing a new board as follows (*the remainder of the chapter is not affected*
34 *and therefore not set out*):

35
36 **4.40.170 – MOA Trust Fund Board of Trustees.**

37
38 A. *Establishment and Purpose.* There is hereby established a Board of
39 Trustees (“board”) to provide fiduciary oversight and direction to the
40 MOA Trust Fund (“Trust”) described within chapter 6.50.060. The
41 Board of Trustees is authorized to operate under the authority of

1 Municipal Charter Section 13.11, as approved by a majority of
2 qualified voters of the Municipality of Anchorage (“municipality”) at the
3 April 4, 2023 municipal election.
4

5 B. *Board profile and formation.*
6

7 1. *Qualifications.* Prospective board candidates, except the Chief
8 Fiscal Officer who serves as a ~~[n-ex officio]~~ permanent board
9 member and is subject at the beginning of their employment to
10 a separate formal confirmation process by the Municipal
11 Assembly, shall be appointed by the mayor and confirmed by
12 the municipal assembly. **The Assembly may consider such**
13 **factors as it deems appropriate, including, but not limited**
14 **to [based on]** the candidate’s summary of their qualifications
15 and experience in similar positions of responsibility, such as
16 experience as a trustee or participation in institutional investing,
17 particularly involving multiple asset classes, the management
18 of financial institutions, or similar highly relevant experience.
19 Prior to nomination or confirmation of appointment, all board
20 candidates, except the Chief Fiscal Officer, shall be subject to
21 background check by the Human Resources Department
22 according to standard criteria and to an additional background
23 check by the Finance Department utilizing publicly available
24 finance and investment related regulatory and enforcement
25 agencies including but not limited to FINRA and SEC posted
26 information.
27

28 2. *Composition.* The board shall consist of seven members with
29 staggered designated terms as described in B.4. of this section.
30 The seven members of the board shall be comprised of the
31 following:
32

- 33 a. The Chief Fiscal Officer shall be a fully empowered voting
34 board member as a permanent ~~[ex-officio]~~ seat.
- 35 b. A majority of the board shall be external members not
36 employed by the municipality (i.e., at least four but no more
37 than five members of a seven member board). External
38 board members shall be residents of the municipality during
39 their tenure on the board.
- 40 c. A minority of the board shall be internal members in active
41 employment status with the municipality (i.e., at least one
42 but no more than two members of a seven member board
43 in addition to the Chief Fiscal Officer). The internal board
44 members shall serve on the board for their appointed term
45 as long as they remain in active employment status with the
46 municipality.
47

48 The permanent ~~[ex-officio]~~ seat held by the Chief Fiscal Officer
49 under chapter 6.50, may be temporarily filled by a formally
50 designated, fully empowered individual acting on behalf of or in

1 the absence of the Chief Fiscal Officer, **following formal**
2 **notification to the Assembly by memorandum**. In the
3 absence of the Chief Fiscal Officer and a formal designation,
4 the Chief Fiscal Officer's seat shall be filled by the Municipal
5 Treasurer, but not by any person simultaneously serving as the
6 Trust manager. The role of the Chief Fiscal Officer as a board
7 member is further described in C.12. of this section. Except for
8 the Chief Fiscal Officer seat, no other board members may
9 designate another person to act on their behalf on the board.

10
11 The Trust manager as defined in chapter 6.50.060 shall not be
12 eligible to serve on the board.

13
14 3. *Selection.* All board members shall be appointed to the board
15 consistent with the terms of the Municipal Charter. Board seats
16 shall be filled sufficiently to hold a quorum and operate in a fully
17 functioning capacity within one year of the certified April 4, 2023
18 municipal election results.

19
20 4. *Terms.*

21 a. Board members, excepting the Chief Fiscal Officer, shall
22 serve four-year terms commencing on October 15 of the
23 year in which appointed and ending four years thereafter
24 on October 14.

25 b. To avoid a vacancy until new appointments can be made
26 and confirmed, an appointed board member shall
27 continue to serve until a replacement is seated, except
28 in the case of a member removed in accordance with
29 subsection C.5. of this section. In the event of a vacancy
30 among the board members, a replacement shall be
31 appointed in the manner set forth in this section and shall
32 serve the unexpired term of the member replaced.

33 c. Internal board members in active employment status
34 with the municipality shall serve only so long as they
35 remain employed as such.

36 d. Appointed members are subject to a term limit of two
37 consecutive full terms beginning when a board member
38 has been appointed to a full four-year term. Time served
39 by a board member during any initial stub term less than
40 four years shall not be counted in connection with the
41 term limit. After serving two consecutive full terms, the
42 same member may be appointed to the board if four full
43 years have transpired since their previous term limit
44 date.

45 e. Member terms shall be staggered so that not more than
46 four member terms expire each year. The first three
47 appointed board members, comprised of two external
48 board members and one internal member, shall initially
49 serve stubbed terms of two years for seat one, seat two,
50 and seat three. The remaining three appointed board

1 member seats, seats four, five, and six, will be appointed
2 to full four year terms.
3

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

- 15
- 16 a. is convicted of or pleads guilty or no contest to a
17 misdemeanor, felony, or regulatory inquiry involving
18 theft, embezzlement, deception, or other acts of
19 dishonesty;
 - 20 b. any breach of fiduciary duty;
 - 21 c. non-compliance with MOA Code of Ethics per AMC
22 1.15;
 - 23 d. non-disclosure of material conflict of interest; or
 - 24 e. failure to serve as a committed member by lack of
25 preparation, inconsistent meeting attendance and not
26 performing an active role in board discussions.
27

28 C. *Powers and duties.*

29

30 1. The sole and exclusive administration of, and the responsibility
31 for, the proper and effective operation of the Trust is vested in
32 the board. The board shall oversee and direct the functioning
33 of the Trust as set forth in this chapter and shall be the final
34 authority in all matters pertaining to the application,
35 interpretation and administration of the provisions of this
36 chapter.
37

38 2. All board members shall serve without compensation, but they
39 shall be reimbursed from the Trust for necessary expenses
40 authorized by the board. External board members are eligible
41 to receive three hundred dollars (\$300.00) of stipend for
42 reasonable expenses of attendance including but not limited to
43 mileage for each board meeting attended, not to exceed twelve
44 meetings per year. All other expenses must be preapproved
45 by the board and be reasonably necessary to the function of
46 the board. The board shall, by uniform rule, establish a policy
47 for reimbursement for travel and other expenditures incurred by
48 board members in the course of their duties. Directors and
49 officers insurance may be provided to board members to cover
50 personal liability in accordance with board member duties

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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

- 1 operation of the affairs of the board, in accordance with AMC
2 4.05.120, including but not limited to consideration of subject
3 areas such as potential board member fiduciary directors and
4 officers insurance, financial disclosure practices, report filing
5 expectations regarding potential economic interest conflicts per
6 AMC 1.15.100, potential periodic financial industry background
7 checks for all board members (e.g., FINRA, SEC, and other
8 financial industry regulatory bodies responsible for disciplinary
9 actions) or expectation of self-disclosure of negative regulatory
10 action taken against board member.
11
12 8. The board shall proactively create and maintain formal
13 succession and continuity plans to ensure board membership,
14 Trust manager and other municipal personnel resources are
15 sufficient to maintain proper levels of oversight and support for
16 the Trust.
17
18 9. The board shall monitor and evaluate changes in legislation
19 and regulations in consultation with the municipal attorney or
20 the Trust's investment consultant to ensure compliance with all
21 applicable laws and regulations.
22
23 10. Notwithstanding any other provision of the Municipal Code,
24 except for limitations imposed in AMC Title 7 and C.3. in this
25 section, the board, in consultation with the Trust's investment
26 consultant and Trust manager, shall have the authority to
27 acquire, retain and compensate various third party professional
28 services including but not limited to custodian bank, investment
29 manager, specialized legal and accounting services, and other
30 technical or professional staff as may be necessary to fulfill the
31 board's fiduciary responsibilities.
32
33 11. Four members of the board shall constitute a quorum for the
34 transaction of business. Action by the board~~and shall have~~
35 ~~full power to act~~ under the terms of section 6.50.060 shall
36 require the favorable vote of four members of the board.
37
38 12. The Chief Fiscal Officer as a ~~n ex officio~~ permanent board
39 member shall have the following role and responsibilities:
40
41 a. Ensure that appropriate financial, operational, and
42 internal controls and procedures including relevant
43 Charter, Code and Finance Department Policies and
44 Procedures are in place to safeguard the assets of the
45 Trust;
46 b. Provide staff to the board; and
47 c. Monitor the Trust Manager's execution of board
48 approved actions affecting the Trust.
49
50 13. In the absence of specific policies or procedures adopted by

1 the board, or specifically delineated sections of municipal code
2 tailored to the board, existing municipal code, policies and
3 procedures will be utilized as default.
4

5 D. *Board operation and communication.*
6

7 1. The board shall meet no less than quarterly and all meetings
8 shall be publicly noticed pursuant to AMC 1.25.015 and 4.05
9 except as follows:

10 a. Regular meetings shall be announced a minimum of 7
11 days prior to the meeting using one or more of the
12 methods described in the definition of the term
13 "Announcement" in section 1.25.005.

14 b. Special or emergency meetings shall be announced a
15 minimum of 24 hours prior to the meeting using one or
16 more of the methods described in the definition of the
17 term "Announcement" in section 1.25.005.
18

19 2. The board chair shall be selected by an affirmative majority vote
20 of seated board members. The Chief Fiscal Officer [~~ex-officio~~]
21 seat is ineligible to serve as chair.
22

23 3. Board chair role and duties:

24 a. Serve as presiding officer at board meetings.

25 b. Coordinate board meetings, agendas, schedules and
26 presentations in consultation with the Trust manager
27 cited in AMC 6.50.060.

28 c. Timely review past meeting minutes and present for
29 approval to the full board.

30 d. Facilitate effective and open communications between
31 board and Trust manager, along with maintaining
32 effective relationships with external stakeholders and
33 service providers.

34 e. Review and approve travel and other expense
35 reimbursement for board members.

36 f. Co-serve as official spokesperson, along with Trust
37 Manager, for matters concerning the Trust.

38 g. Ensure that the board meets its obligations and fulfills its
39 governance and fiduciary responsibilities by
40 coordinating with Trust manager to propose for board
41 approval a set of board standards, including a code of
42 conduct, acknowledgement of governing laws and rules,
43 adhering to confidentiality and ethics rules and actions
44 to be taken to rectify potential breach of standards.

45 h. Review and assess the performance of the board and
46 the adequacy of governance documents annually and
47 recommend proposed changes to approval by the
48 board.

49 i. Provide feedback to Chief Fiscal Officer on performance
50 of Trust manager and supporting staff.

- 1 j. Carry out any other duties and responsibilities as
2 assigned by the board.
3

4 E. *Monitoring, reporting and annual expense appropriation.*
5

- 6 1. The board shall establish a policy which sets out its
7 requirements regarding the reports the board will receive on a
8 regular basis in order to meet its responsibility for the oversight
9 and management of the Trust.
10
11 2. The board will review on a regular basis, without limitation, the
12 following:
13 a. The investment performance of the Trust and each asset
14 class, including the costs of managing the Trust.
15 b. The asset allocation and investment risk of the Trust;
16 and
17 c. The compliance program of the Trust and Trust manager
18 in relation to applicable laws and regulations, as well as
19 all policies, procedures and bylaws established by the
20 board.
21
22 3. The board will coordinate with the Trust manager to review and
23 approve content to be regularly posted and kept updated on the
24 Trust's dedicated public webpage. Current sitting board
25 member names shall be posted to the Trust's webpage.
26
27 4. No later than six months after calendar year end, the board
28 shall provide an annual report addressed jointly to the mayor
29 and municipal assembly which summarizes major performance
30 and operational highlights of the Trust during the preceding
31 calendar year, as well as commentary on market conditions
32 and potential significant initiatives for the Trust in the coming
33 year.
34
35 5. No later than four months after calendar year end, the board
36 shall submit a not-to-exceed annual appropriation resolution
37 document to the Assembly. The accompanying memorandum
38 shall include an estimated breakdown of the anticipated
39 payments and expenses necessary to manage the Trust during
40 the year; the breakdown will include an estimate of anticipated
41 board stipend payments, other board meeting costs,
42 educational training and due diligence travel and per diem
43 costs tied to fiduciary duty, third party service provider fees,
44 possible fiduciary directors and officers insurance costs,
45 intergovernmental charges, and other significant cost
46 categories.
47

48 F. *Board member liability.*
49

- 50 1. No board member shall have any personal liability for any

1 action taken in good faith within scope of their fiduciary duties.

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

7
8 3. No board member shall be responsible at his or her own
9 expense, to take legal action to correct the misconduct of any
10 other member of the board. A board member shall have an
11 affirmative obligation, however, to publicly reveal any
12 misfeasance, malfeasance or nonfeasance by a co-board
13 member, and upon making such revelation in a public meeting,
14 shall be relieved from further responsibility of the actions of the
15 co-board member.

16
17 G. The sunset provisions in AMC 4.05.150 shall not apply to this board.

18
19 H. The board shall be governed by and operate in accordance with the
20 provisions of AMC 4.05 generally except where that chapter conflicts with this
21 section.

22
23 **Section 3.** Anchorage Municipal Code section 1.35.010, Principal executive
24 personnel, boards and commissions, is hereby amended to read as follows (*the*
25 *remainder of the section is not affected and therefore not set out*):

26
27 **1.35.010 – Principal executive personnel, boards and commissions.**

28
29 *** **

30
31 B. *Principal executive personnel and members of boards and*
32 *commissions who shall take the oath of office.* The following officials
33 and municipal executives shall take and subscribe to the oath of office:

34
35 4. Members of regulatory and adjudicatory boards and
36 commissions as set forth in AMC 4.40, including:

37
38 *** **

39
40 q. MOA Trust Fund board of trustees.

41
42
43 *** **

44
45 (AO No. 2000-131, § 1, 9-12-00; AO No. 2002-69, § 1, 5-14-02; AO No.
46 2018-24 , § 1, 4-10-18; AO No. 2021-114 , § 1, 1-31-22; AO No. 2022-40(S)
47 , § 1, 3-22-22)

48
49 **Section 4.** Anchorage Municipal Code chapter 6.50, Chief Fiscal Officer, is
50 hereby amended to read as follows (*the remainder of the chapter is not affected and*

1 *therefore not set out):*
2

3 **Chapter 6.50 CHIEF FISCAL OFFICER**
4

5 **6.50.010 Chief Fiscal Officer[FISCAL OFFICER].**
6

7 A. The Chief Fiscal Officer[CHIEF FISCAL OFFICER] is responsible for
8 the administration of the provisions of this title, except where otherwise
9 provided. In addition to the other duties set forth in this title, the Chief
10 Fiscal Officer[CHIEF FISCAL OFFICER] shall:
11

- 12 1. [A.] Supervise the employees of the department of finance;
13
14 2. [B.] Administer the financial affairs of the municipality, including the
15 keeping of itemized accounts of money received and disbursed
16 and payment of money on vouchers drawn against
17 appropriations, and supervise the tax assessment function of
18 the government;
19
20 3. [C.] Directly supervise the keeping of the general accounts of the
21 municipality;
22
23 4. [D.] Review and approve in writing all accounting forms, books and
24 blanks in use and any changes to or introduction of forms;
25
26 5. [E.] Be custodian of all municipal funds, checks, vouchers and other
27 documents relating to the municipal expenditures, franchises,
28 rents and special privileges, contracts, leases and agreements,
29 copies of which shall be furnished by the municipal clerk;
30
31 6. [F.] Be responsible for the [HANDLE DEBT] administration and
32 management of the municipality's debt and the investment of
33 municipal funds, not otherwise delegated in Anchorage
34 Municipal Code; and
35
36 7. [G.] Advise the mayor and the Assembly[ASSEMBLY] on fiscal
37 policy.
38

39 B. In the absence of written delegation of authority by the Chief Fiscal
40 Officer, t[T]he controller is authorized to perform the duties of the Chief
41 Fiscal Officer[CHIEF FISCAL OFFICER] in the absence or disability
42 of the Chief Fiscal Officer[CHIEF FISCAL OFFICER].
43

44 (GAAB 9.20.020; AO No. 21-76; AO No. 94-147, § 1, 8-23-94)
45

46 **6.50.020 Issuance of Regulations[REGULATIONS].**
47

48 The Chief Fiscal Officer[CHIEF FISCAL OFFICER] may issue regulations in
49 accordance with the Administrative Procedures Act to implement the
50 provisions of this title.

1
2 (AO No. 1976-248(A))
3

4 **6.50.030 Investment Guidelines[GUIDELINES] for Municipal Funds.**
5

6 A. *Definitions.* For the purposes of this section, the following definitions
7 shall apply:
8

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

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

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

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

24 *Code or AMC* means Anchorage Municipal Code.

25 *Collateralized Debt Obligation (CDO)* means an investment-grade
26 security backed by a pool of bonds, loans and other assets. CDOs do not
27 specialize in one type of debt but are often non-mortgage loans or bonds.
28 Similar in structure to a collateralized mortgage obligation (CMO) or
29 collateralized bond obligation (CBO), CDOs are unique in that they represent
30 different types of debt and credit risk. In the case of CDOs, these different
31 types of debt are often referred to as 'tranches' or "slices." Each slice has a
32 different maturity and risk associated with it. The higher the risk, the more the
33 CDO pays.

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

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

45 *Derivatives* means a security whose price is dependent upon or
46 derived from one or more underlying assets. The derivative itself is a contract
47 between two or more parties. Its value is determined by fluctuations in the
48 underlying asset. The most common underlying assets include, but are not
49 limited to, stocks, bonds, commodities, currencies, interest rates and market
50 indexes. Most derivatives are characterized by high leverage. Futures

1 contracts, forward contracts, options and swaps are the most common types
2 of derivatives. Derivatives are contracts and can be used as an underlying
3 asset. Derivatives are generally used as an instrument to hedge risk, but can
4 also be used for speculative purposes.

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

7 *FDIC* means the Federal Deposit Insurance Corporation.

8 *FHLMC* or *Freddie Mac* means Federal Home Loan Mortgage
9 Corporation.

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

12 *FNMA* or *Fannie Mae* means Federal National Mortgage Association.

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

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

26 *GNMA* or *Ginnie Mae* means Government National Mortgage
27 Association.

28 *IBRD* means the International Bank for Reconstruction and
29 Development.

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

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

36 *Moody's* means Moody's Investors Service, Inc., a nationally
37 recognized statistical rating organization (NRSRO).

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

41 *Mutual Fund* means a diversified mutual fund, including index funds,
42 registered under the Securities Act of 1933 and Investment Company Act of
43 1940.

44 *NRSRO* means a nationally recognized statistical rating organization.

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

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

49 *Options* means a contract between a buyer and a seller that gives the
50 buyer the right—but not the obligation—to buy or to sell a particular asset

1 (the underlying asset) at a later day at an agreed price. In return for granting
2 the option, the seller collects a payment (the premium) from the buyer.

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

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

15 *Rated Bank* means:

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

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

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

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

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

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

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

49 *Strategic Reserve Portfolio* means that portion of the Portfolio that is
50 analogous to an intermediate fixed income portfolio, managed with a

1 maximum duration no greater than one-year in excess of its benchmark. The
2 Strategic Reserve Portfolio is intended for residual cash balances for which
3 the Municipality does not foresee utilizing over a rolling three-year forecast
4 period. The objective of the Strategic Reserve Portfolio is to generate excess
5 return through effective sector selection, issue selection, and duration
6 management.

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

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

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

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

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

49
50 **B. *Management of Municipal Funds.***

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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:

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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.

- 1 4. IBRD Debt Securities issued and guaranteed by the IBRD and
2 rated AAA by a nationally recognized statistical rating
3 organization [AGENCY].
4
- 5 5. Commercial paper rated at least "A-1" by S&P or "P-1" by
6 Moody's or "F-1" by Fitch.
7
- 8 6. Bank debt obligations, including unsecured certificates of
9 deposit, notes, time deposits, and bankers' acceptances (with
10 maturities of not more than 365 days), and deposits with any
11 Bank, the short-term obligations of which are rated at least "A-
12 1" by S&P or "P-1" by Moody's or "F-1" by Fitch and is either:
13 a. Incorporated under the laws of the United States of
14 America, or any state thereof, and subject to supervision
15 and examination by federal or state banking authorities;
16 or
17 b. Issued through a foreign bank with a branch or agency
18 licensed under the laws of the United States of America,
19 or any state thereof, or under the laws of a country with
20 a Moody's sovereign rating for bank deposits of "Aaa",
21 or an S&P sovereign rating of "AAA", or a Fitch national
22 rating of "AAA", and subject to supervision and
23 examination by federal or state banking authorities.
24
- 25 7. Repurchase agreements secured by obligations of the U.S.
26 government, U.S. agencies, or U.S. government-sponsored
27 corporations and agencies.
28
- 29 8. Dollar denominated corporate debt instruments rated BBB- or
30 better by S&P['S RATING SERVICE] (investment grade) or the
31 equivalent by another nationally recognized statistical rating
32 organization [AGENCY].
33
- 34 9. Dollar denominated corporate debt instruments, rated below
35 BBB- by S&P['S RATING SERVICE] or the equivalent by
36 another NRSRO [NATIONALLY RECOGNIZED RATING
37 AGENCY], including emerging markets.
38
- 39 10. Dollar denominated debt instruments of foreign governments
40 rated BBB- or better by S&P ['S RATING SERVICE] or the
41 equivalent by another nationally recognized statistical rating
42 organization [AGENCY].
43
- 44 11. Asset Backed Securities (ABS), other than commercial paper,
45 collateralized by: credit cards, automobile loans, leases and
46 other receivables which must have a credit rating of AA- or
47 above by S&P['S RATING SERVICE] or the equivalent by
48 another nationally recognized statistical rating organization
49 [AGENCY].
50

- 1 12. Mortgage Backed Securities, including generic mortgage-
2 backed pass-through securities issued by GNMA, FHLMC,
3 FNMA, Non-agency mortgage-backed securities,
4 Collateralized Mortgage Obligations (CMOs), or Commercial
5 mortgage-backed securities (CMBS), which must have a credit
6 rating of AA- or better by S&P[S RATING SERVICE] or the
7 equivalent by another nationally recognized statistical rating
8 organization [AGENCY].
9
- 10 13. Debt issued by the Tennessee Valley Authority.
11
- 12 14. Money Market Mutual Funds rated "Am" or better by S&P
13 [STANDARD & POOR'S RATING SERVICE], or the equivalent
14 by another nationally recognized statistical rating organization
15 [AGENCY], and consisting of any or all of the securities
16 authorized for investment in this section of the Code.
17
- 18 15. Alaska Municipal League Investment Pool (AMLIP), consistent
19 with all other provisions of this section of the Code.
20
- 21 16. Mutual Fund Investments so long as the overall nature of the
22 fund is generally consistent with this section of the Code.
23
- 24 17. Interfund Loans from the [a] Municipal Cash Pool to a Municipal
25 Fund.
26
- 27 E. *Prohibited Investments.* Prohibited Investments for the Portfolio are
28 those not listed under Authorized Investments and specifically include
29 Equity Investments. Prohibited Investments also include the sale or
30 purchase of futures or option contracts for any security. Other
31 Prohibited Investments include:
32
 - 33 1. SIVs;
 - 34 2. ABCP;
 - 35 3. The selling short of any security;
 - 36 4. Non-[]dollar denominated securities;
 - 37 5. Commodities; and
 - 38 6. Real estate investments.
- 39 F. *Use of Derivatives.* Derivatives shall not be used as an investment in
40 the Portfolio with the exception of:
41
 - 42 1. TBAs; and
- 43
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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[N] quarterly [ANNUAL] basis reports addressing MCP [PORTFOLIO] performance and compliance. The quarterly [ANNUAL] 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.

1 2021 annual dividend payment to be based on the average asset
2 balance associated with the trailing two consecutive quarters ending March
3 31, 2021.

4 2022 annual dividend payment to be based on the average asset
5 balance associated with the trailing six consecutive quarters ending March
6 31, 2022.

7 2023 annual dividend payment to be based on the average asset
8 balance associated with the trailing ten consecutive quarters ending March
9 31, 2023.

10 2024 annual dividend payment to be based on the average asset
11 balance associated with the trailing 14 consecutive quarters ending March
12 31, 2024.

13 2025 annual dividend payment to be based on the average asset
14 balance associated with the trailing 18 consecutive quarters ending March
15 31, 2025.

16 2026 and later years' annual dividend payment to be based on the
17 average asset balance associated with the trailing 20 consecutive quarters
18 ending March 31 of each fiscal year.

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

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

24 *Corpus of the [MOA] Trust [FUND] (or corpus) means:*

- 25 1. The aggregate of the following proceeds previously deposited
26 by the assembly:
27 a. Proceeds from the sale of ATU after retirement of ATU
28 debt;
29 b. Proceeds allocated from the police and fire retirement
30 system settlement; and
31 c. Proceeds from the sale of ML&P determined in
32 accordance with Anchorage Charter Section 13.11(a).

33 Plus:

- 34 2. Increases from:
35 a. Inflation-proofing from available annual earnings in
36 calendar years 1999 and 2000;
37 b. Residual market value appreciation remaining after
38 paying the annual dividend each fiscal year beginning
39 2002, in accordance with the controlled spending policy;
40 and
41 c. Any other amounts the assembly may add.

42 Reduced by:

- 43 3. Fund expenses.

44 *Endowment method* means a long-term investment strategy that
45 promotes corpus growth by establishing a controlled spending policy, thereby
46 requiring the annual dividend calculation to be tied to a rolling average asset
47 balance of the Trust [POOLED TRUSTS] and providing for reinvestment of
48 any net annual earnings remaining after the annual dividend is determined.
49

1 Finance department means all divisions of the finance department
2 which report directly to the CFO (e.g., Treasury, Public Finance & Investment,
3 and Controller).

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

13 MOA means Municipality of Anchorage.

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

17 Trust means MOA Trust Fund.

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

21
22 B. MOA Trust Fund established. Pursuant to Charter § 13.11, there is
23 hereby established the MOA Trust Fund [AS FUND 730] to be defined
24 as an endowment fund with a controlled spending policy limiting
25 dividend distributions and managed by the board in conjunction with
26 the Trust manager [MUNICIPAL TREASURER].

27
28 [C. MOA TRUST RESERVE ESTABLISHED. THERE IS HEREBY
29 ESTABLISHED THE MOA TRUST RESERVE AS FUND 731 TO
30 HOLD THE ATU REVENUE BOND RESERVE INVESTMENT AND
31 ANY OTHER AMOUNTS THE ASSEMBLY MAY DEPOSIT, THE
32 CORPUS OR EARNINGS OF WHICH MAY BE USED UPON
33 APPROVAL OF THE ASSEMBLY TO (1) SUPPLEMENT THE MOA
34 TRUST FUND ANNUAL DIVIDEND, (2) PROVIDE A REDUCTION IN
35 PROPERTY TAXES, (3) RETIRE MUNICIPAL DEBT OR (4)
36 CONTRIBUTE ADDITIONAL FUNDS INTO THE MOA TRUST FUND
37 CORPUS.]

38
39 C.[D.] Controlled spending policy. No more than four [FIVE] percent of the
40 average asset balance may [WILL] be available for annual dividend
41 distribution in Year 2022[0] [ONLY AND THE MAXIMUM PAYOUT
42 PERCENTAGE RATE SHALL BE REDUCED TO FOUR AND ONE-
43 HALF PERCENT] and thereafter. The four [AND ONE-HALF] percent
44 cap is tied to an endowment method whereby long-term capital market
45 projections for average annual investment return over the next ten to
46 twenty years are netted against projected inflation (e.g., if long-term
47 capital market projections in a given year indicated a six [AND ONE-
48 HALF] percent average annual investment return less two percent
49 average annual inflation, this would lead to a projected "net" average
50 annual rate of return of four [AND ONE-HALF] percent).

1
2 D.[E.] Net annual earnings. Annual earnings are reported net of fund
3 expenses. Net annual earnings remaining after paying the annual
4 dividend each fiscal year are reinvested in the Trust [POOLED
5 TRUSTS ON A PRO-RATA BASIS].

6
7 E.[F.] Assembly appropriation. Subject to and in accordance with the
8 controlled spending policy, the assembly may [SHALL] make an
9 appropriation from the [MOA] Trust [FUND 730] on an annual basis to
10 [(1) PROVIDE AN ANNUAL DIVIDEND FROM THE FUND TO
11 REPLACE THE ATU DIVIDEND AND/OR (2)] reduce property taxes.

12
13 F.[G.] Management of the Trust [POOLED FUNDS]. Pursuant to Anchorage
14 Municipal Charter § 13.11 and AMC 4.40.170 [(C) AND SECTION
15 6.70.010], the Trust manager [MUNICIPAL TREASURER], under the
16 direction of the board and supervision of the CFO [CHIEF FISCAL
17 OFFICER], shall assume the following duties and responsibilities:
18 [MANAGE THE POOLED TRUSTS IN ACCORDANCE WITH THE
19 PROVISIONS OF THIS SECTION.]

- 20
21 1. Serve as primary liaison for all parties associated with serving
22 the purpose of managing the day-to-day operations of the
23 Trust in accordance with direction and parameters
24 established by the board.
- 25
26 2. Establish and maintain communication with municipal
27 departments and other agencies of government as necessary
28 for the management of the Trust, and timely provide requested
29 Trust financial information to the Controller Division and
30 external auditors upon request.
- 31
32 3. Monitor ongoing compliance to the Trust's current investment
33 policy statement in terms of the proportion of total assets to be
34 invested within a minimum-maximum range at any point in time.
- 35
36 4. Procure supplies, equipment, board meeting items, and non-
37 professional contracted services of direct benefit to the Trust,
38 consistent with authority and direction received from the
39 board and adhering to municipal purchasing department Title
40 7 requirements for all such purchases and with respect to any
41 disposal or surplus or excess municipally owned property.
- 42
43 5. Periodically review and confer with the CFO regarding the
44 Trust's internal controls and procedures to ensure that the
45 operations of the Trust are performed in a secure and
46 appropriate manner in accordance with municipal code and
47 municipal policies.
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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.

1 14. The Trust manager and CFO, jointly, shall have the authority
2 to execute all formal documents and contracts on behalf of
3 the Trust, consistent with board direction.

4
5 15. Other duties as specified in AMC 4.40.170.

6
7 [1. THE MUNICIPAL TREASURER SHALL HIRE THE SERVICES
8 OF SUCH INVESTMENT MANAGERS, ADVISORS,
9 CUSTODIANS AND OTHER PROFESSIONALS AS ARE
10 REASONABLY PRUDENT AND NECESSARY TO MANAGE
11 AND INVEST THE ASSETS OF THE POOLED TRUSTS.

12
13 A. THE MUNICIPAL TREASURER MAY PROCURE
14 SERVICES FROM MONEY MANAGER FIRMS,
15 INCLUDING TRANSITION MANAGER FIRMS,
16 THROUGH AN INVESTMENT CONSULTANT AS
17 PROVIDED IN SUBSECTION 7.20.080A.4. THE
18 INVESTMENT CONSULTANT SHALL BE SELECTED
19 THROUGH A COMPETITIVE PROCESS. THE
20 MUNICIPAL TREASURER SHALL COORDINATE
21 WITH THE INVESTMENT CONSULTANT AND SHALL
22 SOLICIT INPUT FROM INVESTMENT ADVISORY
23 COMMISSION MEMBERS AND THE CHIEF FISCAL
24 OFFICER PRIOR TO THE FINAL SELECTION OF A
25 MONEY MANAGER. FOR A MONEY MANAGER FIRM
26 CONTRACTED UNDER THE PROVISIONS OF THIS
27 SECTION, ASSEMBLY APPROVAL SHALL NOT BE
28 REQUIRED PROVIDED, HOWEVER, THE MUNICIPAL
29 TREASURER SHALL REPORT TO THE ASSEMBLY
30 ON A QUARTERLY BASIS, THROUGH AN ASSEMBLY
31 MEMORANDUM, ON MONEY MANAGER
32 CONTRACTS ENTERED INTO PURSUANT TO THE
33 PROVISIONS OF THIS SECTION INCLUDING, BUT
34 NOT LIMITED TO, THE DUTIES TO BE PERFORMED
35 BY THE CONTRACTOR AND THE COMPENSATION
36 PAID. ALL MONEY MANAGER CONTRACTS
37 ADOPTED IN ACCORDANCE WITH THIS SECTION
38 SHALL BE APPROVED BY THE CHIEF FISCAL
39 OFFICER PRIOR TO EXECUTION BY THE
40 MUNICIPALITY.

41
42 2. THE ASSETS OF THE POOLED TRUSTS SHALL BE
43 MANAGED AND INVESTED IN ACCORDANCE WITH
44 SUBSECTIONS H. THRU J.]

45
46 G.[H.] Investment objective[S]. The investment objective[S] of the Trust is
47 [POOLED TRUSTS ARE] to utilize a balanced investment approach,
48 combined with a controlled spending policy, to preserve the
49 purchasing power of the corpus and to maximize rates of return over

1 time by investing in equity and fixed income instruments, real estate
2 and alternative investments and strategies, within prudent levels of
3 risk and consistent with established endowment investment practices.
4

- 5 1. An investment policy, consistent with this section, for the
6 investment of the Trust [POOLED TRUSTS], shall be
7 established and from time to time modified, as necessary.
8

9 H.[I.] *Authorized investments.* In addition to the investments authorized by
10 section 6.50.030, but subject to the investment restriction of this
11 section, the assets of the Trust [POOLED TRUSTS] may be invested
12 in the following types of investments:
13

- 14 1. Publicly traded equity investments, including but not limited to
15 preferred and common stock and investment company shares;
16
17 2. Debt instruments issued by the U.S. government, its agencies
18 and instrumentalities, and debt instruments that have been
19 issued by domestic and non-domestic entities, subject to
20 investment grade and currency denomination restrictions cited
21 in subsection J.2.;
22
23 3. Real estate investments in a diversified portfolio of institutional
24 quality, predominantly income producing properties held in a
25 collective investment vehicle which limits the Trust's [POOLED
26 TRUSTS'] liability;
27
28 4. Alternative, basket clause investments utilizing special purpose
29 investment vehicles, subject to restrictions cited in subsection
30 J.4.;
31
32 5. Fixed income derivative instruments used in an unlevered
33 manner to implement portfolio strategies consistent with this
34 section;
35
36 6. Cash and cash equivalents including but not limited to
37 repurchase agreements, certificates of deposit and shares in a
38 money market or short-term investment fund that consist of
39 securities of the type and quality as those listed above;
40
41 7. Mutual funds or other interests in collective and commingled
42 investment vehicles that invest predominantly in investments
43 permitted in this section.
44 a. Assets may be invested through a limited liability entity,
45 including a corporation, limited partnership, limited
46 liability partnership, or limited liability company, or
47 through a collective or commingled investment fund,
48 including a fund-of-funds.
49

1 I.[J.] *Investment restrictions.* Notwithstanding any other provision of this
2 title, investment of the assets of the Trust [POOLED TRUSTS] shall
3 be restricted as follows:
4

- 5 1. *Equity securities.* No more than:
6 a. Sixty-five percent (65%) of the Trust's [POOLED
7 TRUSTS'] assets may be invested in equity
8 investments;
9 b. The greater of five percent (5%) or one and one-half
10 times the security's weight in the S&P 500 stock index of
11 the market value of the equity portfolio assets, at the
12 time of the purchase, shall be invested in the equity
13 securities of any one issuer;
14 c. Five percent (5%) of the voting stock of any corporation
15 may be acquired by the Trust [POOLED TRUSTS].
16
17 2. *Fixed income securities.* No more than:
18 a. Five percent (5%) of the Trust's [POOLED TRUSTS']
19 fixed income portfolio assets may be invested in the
20 fixed income securities of any single issuer, with the
21 exception of the U.S. government, its agencies and
22 instrumentalities;
23 b. Ten percent (10%) of the overall Trust's [POOLED
24 TRUSTS'] portfolio at time of purchase may be invested
25 in domestic fixed income securities with:
26 i. An investment rating below BBB- as measured by
27 Standard & Poor's rating agency (or an
28 equivalent national rating agency), subject to the
29 totality of fixed income asset holdings having an
30 equivalent, aggregate investment grade rating of
31 BBB- or higher when examined on a dollar
32 weighted basis;
33 c. Thirty percent (30%) of total fixed income assets at time
34 of purchase may be invested in investment grade fixed
35 income securities issued by non-domestic entities
36 whose securities are dollar denominated (or fully hedged
37 in U.S. dollars);
38 d. Five percent (5%) of the overall Trust [POOLED
39 TRUSTS'] portfolio value at time of purchase may be
40 invested in fixed income securities with:
41 i. Unhedged, non-dollar denominated investment
42 grade securities, including emerging market debt
43 securities.
44
45 3. *Real estate.* No more than:
46 a. Ten percent of the overall Trust [POOLED TRUSTS']
47 portfolio value at time of purchase may be invested in
48 real estate investments cited above in subsection I.3.
49
50 4. *Basket clause flexibility.* No more than:

- 1 a. Ten percent of the overall Trust [POOLED TRUSTS']
2 portfolio value at time of purchase may be used to
3 provide basket clause flexibility in:
4 i. Extending investment parameters in any of the
5 asset classes cited in this section; or
6 ii. Utilizing investment vehicles such as limited
7 partnerships or special purpose trusts to provide
8 access to well-diversified alternative investment
9 portfolios or strategies. Examples of such limited
10 liability investments include, but are not limited to,
11 hedge fund of funds (absolute return strategy),
12 private equity, private debt, and various real
13 return and/or inflation hedge products.
14

15 [K. **REPORTING.** AN ANNUAL REPORT ON THE PERFORMANCE OF
16 THE POOLED TRUSTS', INCLUDING NET ANNUAL EARNINGS
17 AND INVESTMENT HOLDINGS, SHALL BE SUBMITTED TO THE
18 MAYOR AND THE ASSEMBLY.]
19

20 J.[L.] By March 15, 2007, and by the same date every fifth year thereafter,
21 the Trust manager [MUNICIPAL TREASURER] shall review the
22 controlled spending policy and recommend adjustments, as
23 necessary, to maintain the long-term purchasing power of the [MOA]
24 Trust [FUND].
25

26 (AO No. 99-50(S), § 1, 4-6-99; AO No. 99-156, § 1, 1-11-00; AO No. 2000-
27 89, § 1, 6-13-00; AO No. 2000-162(S), § 1, 11-21-00; AO No. 2002-10, § 1,
28 4-16-02; AO No. 2003-167, § 1, 1-6-04; AO No. 2006-146, § 1, 10-31-06; AO
29 No. 2009-3, § 1, 1-20-09; AO No. 2016-127, § 1, 11-1-16; AO No. 2020-98
30 , § 1, retro eff. 1-1-20)
31

32 *** **

33
34 **Section 5.** This ordinance shall be effective, after passage and approval by the
35 Assembly and upon the appointment and operational readiness of a full functioning
36 board of trustees serving the MOA Trust Fund, which must be in place no later than
37 one year following certification of the April 4, 2023 municipal election. The
38 Investment Advisory Commission will cease to exist and function at the time the new
39 board of trustees holds its first public meeting.
40

41 PASSED AND APPROVED by the Anchorage Assembly this 20th day of June, 2023.
42

43
44
45
46 ATTEST:



Chair

47
48 
49 _____
50 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)



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 435-2023

Meeting Date: June 6, 2023

1 **FROM: MAYOR**

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

13
14 This proposed implementation ordinance is submitted in response to municipal voters
15 approving Prop #11 at the April 4, 2023, regular election. Voters approved a fundamental
16 change to Municipal Charter Section 13.11 governing management of the MOA Trust Fund
17 ("Trust"). More specifically, Prop #11 changes the governance structure of the Trust such that
18 the Municipal Treasurer is no longer the sole named fiduciary; instead, going forward the
19 Trust will be managed and overseen by a newly formed Board of Trustees who will fulfill their
20 fiduciary duty consistent with the Uniform Prudent Investor Act. The new Board of Trustees
21 will be required to report to and advise both the Administration and Municipal Assembly. The
22 new Board must be fully functioning within one year of the certified election results. The goal
23 is to appoint new Board members during the summer of 2023 and have the Board fully
24 functional by the fall of 2023. Once the Board is in-place and functioning the citizen-based
25 Investment Advisory Commission (IAC, AMC 4.50.090) and its function will cease to exist.

26
27 The proposed implementation ordinance was developed after much review and consultation
28 with the following primary contributors:

- 29
30
- 31 • Finance Department (i.e., CFO, Treasury and Public Finance & Investment)
 - 32 • RVK, investment consultant to Trust
 - 33 • Investment Advisory Commission
 - 34 • MOA Law Department
 - 35 • Other top-level Administration

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

- 39
40
- 41 • Prudent Investor Act of 1994
 - 42 • Alaska Permanent Fund Corporation
 - 43 • Anchorage Police/Fire Retirement System (AMC 3.85)
 - 44 • Other municipal code chapters providing baseline practices associated with municipal
45 board governance
 - Additional online research associated with fiduciary investment boards

1
2 The purpose and intent of this original implementation ordinance is to provide rules and
3 direction for the newly formed Board of Trustees to follow during its early years of operation.
4 Once the Board is formed and operational for an estimated two or more years they may at
5 that time have some additional changes to propose to further clarify their role, duties and
6 authority granted to them. For the early years of the new Board's operation, the proposed
7 ordinance focuses on formally cited well established fiduciary board standards associated
8 with governance and defers to the Board for any other future potential changes to Municipal
9 Code.

10
11 Below is a brief summary of each of the sections of the proposed implementation ordinance:

12
13 **Section 1.**

14
15 Repeals AMC 4.50.090, Investment Advisory Commission. See Exhibit A attached to
16 ordinance for existing Code language to be repealed. The Commission's mission to provide
17 oversight of the Trust and Municipal Cash Pool will no longer exist as a result of the passage
18 of the ordinance.

19
20 **Section 2.**

21
22 Establishes a new Board of Trustees under AMC 4.40.170 to manage and oversee the Trust
23 in a fiduciary capacity. This section of the ordinance represents the most substantive new
24 Code language setting the standards and practices for the new Board to adhere to. The
25 specific subject areas contained in Section 2 are summarized as follows:

- 26
27
- 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
- 34
35

36
37 **Section 3.**

38 Adds new Board of Trustees to list of boards and commissions required to take Oaths of
39 Office (AMC 1.35)

40
41 **Section 4.**

42
43 Amends a portion of CFO chapter (AMC 6.50.010-.030) primarily to modify the oversight role
44 of the Municipal Cash Pool in response to the repeal of the Investment Advisory
45 Commission's role going forward. In addition, various updates to technical investment
46 definitions, cross references and format were incorporated.

47
48 Amends primary chapter governing the operation of the Trust (AMC 6.50.060). Definitions,
49 modernized references, clarifying language, and cross references to the new Board are
50 amongst the technical changes proposed. The most substantive change to this Code chapter
51 involves removing references to the Municipal Treasurer as the primary position overseeing

1 and managing the day-to-day affairs of the Trust. Instead, a newly designated Trust manager
2 position is cited within the definitions section and a new section has been created listing all
3 the duties of the Trust manager.
4

5 **Section 5.**
6

7 This last section of the ordinance specifies the timeline and conditions for the ordinance to
8 become effective. The Investment Advisory Commission will cease to exist once the new
9 Board of Trustees is functional and has held its first public meeting. The governance rules
10 for the new Board will take effect at their first meeting.
11

12 Pursuant to AMC 2.30.053B.1., a summary of economic effects is not included due to no
13 direct, material fiscal impact that is known or accurately quantifiable prior to operation of the
14 new Board of Trustees. Depending on future decisions made by the Board, new expenses
15 for the Trust may arise related to: meeting stipend payments, fiduciary training related costs,
16 directors and officers insurance and other Board approved expenses tied to fulfilling their
17 fiduciary duties. The additional costs incurred by the Trust will vary year-to-year. In year one,
18 an approximate range of additional costs is estimated at \$6K-\$30K or more.
19

20 **THE ADMINISTRATION RECOMMENDS APPROVAL.**
21

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