

April 4, 2023 Ballot Proposition
FACT SHEET
Proposition # 11
MUNICIPAL CHARTER CHANGE TO MOA TRUST FUND GOVERNANCE

Anchorage voters will be asked at the April 4, 2023, regular election to change the management and governance structure of the \$400 million Municipality of Anchorage (MOA) Trust Fund (“Trust”) from the current sole fiduciary model to a newly established Fiduciary Board of Trustees. This proposed change was recommended by the Trust’s independent investment advisor following their detailed review of the current management and governance structure of the Trust, and has since received unanimous support from the citizen-based Investment Advisory Commission, the Municipal Administration, and the Municipal Assembly. The primary objective of the proposed change is to address potential risks associated with the current sole fiduciary structure that grants full management and governance authority with the Municipal Treasurer, by reassigning it to a Fiduciary Board of Trustees. This approach is in-line with best practices for management and governance of such funds and will serve to strengthen the management and protection of this valuable resource of the Municipality.

Please refer to Charter Change Ballot Ordinance AO 2022-116, As Amended, for full details on the proposition – this is available through the Trust’s webpage at www.muni.org/moatrust.

The title of Proposition #11 which will be presented to the voters reads as follows:

AMENDING ANCHORAGE CHARTER SECTION 13.11 TO CHANGE MANAGEMENT AUTHORITY FOR THE MUNICIPALITY OF ANCHORAGE (MOA) TRUST FUND FROM THE TREASURER TO A FIDUCIARY BOARD AND ESTABLISHING PRIMARY FIDUCIARY DUTIES AND RESPONSIBILITIES ASSOCIATED WITH BOARD MANAGEMENT OF THE MOA TRUST FUND.

Specific key elements of Proposition #11 which the voters will be asked to approve include the following:

- Establishing a new Board of Trustees to manage the Trust, thereby replacing the Municipal Treasurer as the sole named fiduciary for the Trust. The new Board of Trustees would be required to report to and advise both the City Administration and the Municipal Assembly.
- Requiring that the Trust be managed consistent with the Uniform Prudent Investor Act which specifies principles and standards governing the conduct of fiduciaries serving investment funds.
- Confirming that Municipal Code Chapter 6.50 will be the vehicle by which the governing structure of the Board of Trustees and delineation of its operations are to be specified.
- Allowing for a one-year transition period in order to provide adequate time to transition from the sole fiduciary to a new Board of Trustees.

The proposed Charter Amendment was based on recommendation of the Trust’s independent investment advisor, RVK., Inc, following their formal review of the Trust’s current management and governance structure. RVK’s report was initially presented in the Fall of 2022 to the MOA Finance

Department and Investment Advisory Commission. Their report and recommendations were then presented to Municipal Administration and the Assembly. The proposed Charter Amendment changing the Trust's management and governance structure was subject to an extensive public process before receiving unanimous approval by the Municipal Assembly at their January 23, 2023 Special Meeting for inclusion on the April 4, 2023 municipal ballot.

Further Background and Information

Since its inception in May 1999 with receipt of \$118.6 million from the net sale proceeds of the Anchorage Telephone Utility (ATU), the Trust has grown significantly to \$400 million as of late January 2023, due in large part to additional receipt of net sale proceeds from the Municipal Light & Power (ML&P) sale in October 2020. Over the past 24 years since inception, the Trust has paid out \$188.8 million to the General Government Operating Budget which has resulted in a one-for-one reduction in property taxes needed to fund the annual budget.

In conjunction with seeking voter approval of this proposition at the April 4, 2023 municipal election, the MOA Finance Department plans to subsequently work with the Trust's independent investment consultant and Investment Advisory Commission to put forth to the City Administration and Municipal Assembly further delineated fiduciary duties, responsibilities, and practices as part of a revision to all affected Municipal Code with the goal of ensuring that the Trust continues to be managed in a prudent manner in perpetuity for the benefit of future generations.

For further information: Glenn Cipriano, MOA Finance Department, (907) 343-6758

Trust website at www.muni.org/moatrust