

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Dept. of Law / Finance Dept.
For reading: October 18, 2016

ANCHORAGE, ALASKA
AO No. 2016-127

**AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY TO REVISE
ANCHORAGE MUNICIPAL CODE SECTION 6.50.060 TO RESTORE A
FRACTION OF THE SUSPENDED PORTION OF THE ANNUAL DIVIDEND
DISTRIBUTION FROM THE MOA TRUST FUND.**

WHEREAS, the MOA Trust Fund was established after the Municipality's sale of the Anchorage Telephone Utility, pursuant to Anchorage Municipal Charter section 13.11;

WHEREAS, Charter section 13.11(b)(2) authorizes the Assembly to appropriate an annual dividend from the MOA Trust Fund, "provided that the annual appropriation does not exceed five percent of the average asset balance of the trust";

WHEREAS, pursuant to Charter section 13.11, the Assembly adopted a controlled spending policy for the MOA Trust Fund codified in Anchorage Municipal Code section 6.50.060D.;

WHEREAS, consistent with the Charter, the controlled spending policy provides for a "five percent cap" on annual dividends from the MOA Trust Fund;

WHEREAS, the MOA Trust Fund lost value in 2008-2009, as a result of a significant market downturn;

WHEREAS, to allow the MOA Trust Fund to rebuild its purchasing power, the Assembly in 2009 restricted the MOA Trust Fund dividend to four percent;

WHEREAS, the MOA Trust Fund has significantly recovered since 2009;

WHEREAS, the Investment Advisory Commission and the MOA Trust Fund's primary investment consultant have concurred with the change proposed by this ordinance and advised that a dividend of 4.25% would be conservative, relative to similar funds; now, therefore,

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. Anchorage Municipal Code section 6.50.060 is hereby amended to read as follows (*the remainder of the section is not affected and therefore not set out*):

6.50.060 - MOA Trust Fund.

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D. *Controlled spending policy.* No more than five percent of the average asset balance will be available for annual dividend distribution. The five percent cap is tied to an endowment method whereby long-term capital market projections for average annual investment return are netted against projected inflation (e.g., in January 2001 capital market projections indicated an 8.25 percent average annual investment return less 3.25 percent average annual inflation, for a projected "net" average annual rate of return of five percent over the next five years).

1. However, effective January 1, 2017 [2010], no more than four and one-quarter percent of the average asset balance will be available for annual dividend distribution until such time as the Trust's market value recovers to a level equal to or greater than the Trust's market value at December 31, 2007, adjusted for inflation as measured by the annual change in the United States Consumer Price Index for all Urban Consumers (CPI-U).

Following such recovery, the Trust may resume distributing a maximum of five percent of the average asset balance for annual dividend distribution purposes.

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(AO No. 99-50(S), § 1, 4-6-99; AO No. 99-156, § 1, 1-11-00; AO No. 2000-89, § 1, 6-13-00; AO No. 2000-162(S), § 1, 11-21-00; AO No. 2002-10, § 1, 4-16-02; AO No. 2003-167, § 1, 1-6-04; AO No. 2006-146, § 1, 10-31-06; AO No. 2009-3, § 1, 1-20-09)

Section 2. This ordinance shall be effective immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 1st day of November, 2016.

Chair of the Assembly

ATTEST:

Municipal Clerk