

---

## **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 the portfolios within the Municipal Cash Pool (MCP).

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 investment return, gross of fees, that outperforms the respective benchmark for each portfolio manager within the MCP.

### **Performance Measures**

- The rating of the MOA’s general obligation by Standard & Poor’s and Fitch.
- Dollar amount of the net present value savings achieved by refunding outstanding debt with cost effective, innovative, and creative sources of funding.
- Monthly compliance report for investments that measure if the investments in the portfolio are compliant with AMC and P&P 24-11.
- Quarterly portfolio performance reports that measure the actual returns, gross of fees, of the portfolios within the MCP compared to the respective benchmark returns for the MCP.

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

Year	Standard & Poor's	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
2017	AAA Stable	AA+ Stable
2018	AAA Stable	AA+ Stable
2019	AAA Stable	AA+ Stable
2020	AAA Stable	AA+ Stable
2021	AA+ Negative	AA+ Stable
2022	AA Negative	AA Stable
2024	AA- Stable	AA Stable

**Explanation:** The annual measurements above are demonstrating if the goal to maintain a rating of at least "AA" for the MOA's general obligation bonds is being accomplished. In 2021 S&P downgraded the rating due to the lack of the Municipality meeting its Fund Balance Policy. In 2022 Fitch took the same action for the same reason. The Fund Balance had dropped due to the expenditures related to the response to the 2018 Earthquake and the COVID-19 Pandemic. The assignment by the rating agencies is a complex evaluation that includes numerous criteria.

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

Year	Description of Refunding	Refunding Par Amount	Nominal Savings	NPV Savings
<b>2004</b>	GO-GP A	\$21,465,000	\$910,497	\$1,081,050
	GO-Schools B	80,735,000	4,591,405	3,827,322
	AWWU-Water	18,595,000	93,324	105,736
<b>2005</b>	Correctional Facility Ser 2005	40,835,000	2,833,444	2,140,257
	GO-Schools B	29,155,000	1,503,734	1,215,510
	GO-GP C	18,145,000	1,145,996	680,997
	GO-GP D	43,110,000	2,495,806	1,971,221
	GO-Schools E	14,790,000	959,894	700,678
	ML&P Senior Lien Ser 2005A	109,350,000	13,907,424	8,297,563
	ML&P Junior Lien (Txbl) S 2005B	25,745,000	4,724,772	4,724,772
<b>2006</b>	GO-Schools B	28,885,000	1,225,501	902,548
	GO-Schools C	51,705,000	2,155,824	1,630,782
<b>2007</b>	GO-GP A	32,245,000	1,453,595	851,659
	GO-Schools B	171,155,000	8,651,476	5,219,199
	AWWU-Water	91,315,000	2,687,639	1,454,552
	AWWU-Wastewater	59,665,000	1,210,318	665,233
<b>2009</b>	AWWU-Water	49,680,000	14,953,362	5,848,119
<b>2010</b>	GO-GP (refunding) C-1	11,840,000	1,036,948	1,137,757
	GO-GP (restructuring) C-2	11,910,000	-2,225,384	-583,328
<b>2011</b>	GO-Schools (refunding) C	28,310,000	1,947,120	1,832,934
<b>2012</b>	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
<b>2013</b>	No Refunding Activity			
<b>2014</b>	GO-GP (refunding) B	78,430,000	11,375,985	10,446,307
	GO-Schools (refunding) D	37,150,000	4,247,874	3,633,494
	ML&P Refunding	180,575,000	1,720,900	1,444,736

<b>2015</b>	GO-GP (refunding) B	115,250,000	13,142,354	12,667,732
	GO-Schools (refunding) D	81,040,000	10,155,939	9,198,977
	CIVICVentures (refunding)	93,970,000	17,203,908	9,099,922
<b>2016</b>	GO-Schools (refunding) C	41,960,000	4,444,132	4,297,132
<b>2017</b>	AWWU-Water	88,660,000	21,549,897	16,521,828
	AWWU-Wastewater	64,895,000	14,799,257	11,324,814
	AWWU-Water Refunding(T)	13,915,000	7,215,937	278,533
<b>2018</b>	GO-GP (refunding) B	20,265,000	617,965	1,199,551
	GO-Schools (refunding) D	57,020,000	6,827,125	6,301,871
<b>2019</b>	GO-GP (refunding) B	27,750,000	3,729,199	3,385,347
	GO-Schools (refunding) D	10,295,000	1,359,022	1,242,941
<b>2020</b>	GO-GP (refunding) B	1,765,000	255,829	254,632
	GO-GP (refunding) C	43,820,000	6,212,814	5,658,803
	GO-GP (refunding) D	13,900,000	2,917,962	2,804,721
	GO-Schools (refunding) F	77,830,000	8,941,887	8,124,692
<b>2021</b>	GO-GP (refunding) B	25,595,000	1,991,520	1,776,259
	GO-Schools (refunding) D	35,740,000	2,836,228	2,528,815
<b>2022</b>	No Refunding Activity			
<b>2023</b>	No Refunding Activity			
<b>2024</b>	No Refunding Activity			
	<b>Grand Total</b>	<b>\$2,102,755,000</b>	<b>\$211,247,912</b>	<b>\$159,924,379</b>

**Explanation:** This chart represents the refunding activity of debt outstanding and the savings to the Municipality. There was no refunding activity in 2022 and 2023 because there was no opportunity to refund at that time.

<b>Financing Program</b>	<b>Savings</b>
Master Lease Program 2008 – 2019	\$1,000,000
Port Commercial Paper Program 2008 – 2015	9,600,000
Port Direct Loan Agreement 2016 – 2020	3,000,000
ML&P Commercial Paper Program 2012 – 2015	27,400,000
ML&P Direct Loan Agreement 2016 – 2019	12,776,000
ASU Direct Loan Agreement 2013 – 2019	9,380,000
ASU Intermediate Term Borrowing Program (ITBP) 2017 – 2019	750,000
AWU Direct Loan Agreement 2013 – 2019	11,900,000
AWU Intermediate Term Borrowing Program (ITBP) 2017 – 2019	1,500,000
Tax Anticipation Notes Issues 2006 – 2021*	16,969,157
<b>2006 – 2021 Savings Achieved</b>	<b>\$94,275,157</b>

\* Net profit achieved by keeping long term funds invested in The Municipal Cash Pool

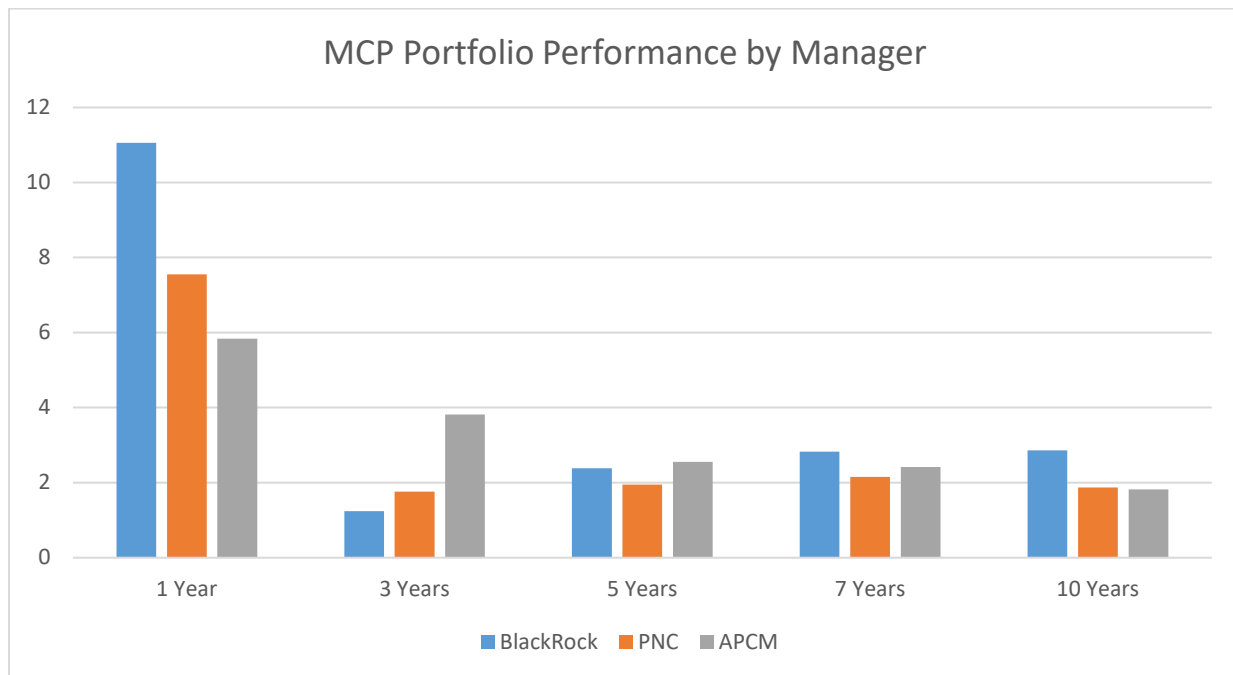
**Explanation:** These financing programs represent short-term borrowings that are customarily used to finance capital projects and then these financing programs are refunded with long-term revenue bonds. The savings amount represents the dollar amount of savings of using the financing programs versus having long-term revenue bonds outstanding during the indicated time-period.

<b>Measure #3: Monthly compliance report for investments that measure if the investments in the portfolio are compliant with AMC and P&amp;P 24-11.</b>		
<b>Year</b>	<b>In Full Compliance?</b>	<b>Notes</b>
<b>2021</b>	<b>Yes, with exceptions</b>	
	<b>January - December</b>	Large cash positions were held in the RMF account for short term spending expected in January, February, and March; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return).
<b>2022</b>	<b>Yes, with exceptions</b>	
	<b>January - November</b>	Large cash positions were held in the RMF account for short term spending expected in the near term; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return).
	<b>December</b>	As of December 31, 2022, we are in full compliance.
<b>2023</b>	<b>Yes, with exceptions</b>	
	<b>February and March</b>	Large cash positions were held in the RMF account for short term spending expected in the near term; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were

		left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return).
	<b>April</b>	Large cash positions were held in the RMF account for short term spending expected in the near term; the returns on the type of short term, quality investments that would normally be invested in did not increase return, so these funds were left in money markets (which comprise Treasuries) rather than being invested individually in Treasuries (which would have reduced liquidity but not improved return).
	<b>August</b>	On August 31, MOA sent \$44.1 million and the School District sent \$43.7 million to USBank Debt Service accounts, and a debt service investment of \$5 million matured. All of these cash inflows were invested overnight in Money Market accounts, leaving the portfolio out of compliance with concentration limits for one day. On September 1, \$92.6 million was paid out for debt service and the portfolio was back in compliance.
	<b>November and December</b>	MOA staff have not been reinvesting matured RMF Fund investments, instead utilizing Money Market Funds (which comprise Treasuries) because the yield curve is inverted and liquidity may be needed soon.
<b>2024</b>	<b>January - December</b>	In full compliance

**Explanation:** To comply with AMC (Policy and Procedures 24-11), the MOA must invest primarily in U.S. Government Securities. A maximum 25% of the concentration is allowed to be invested in Money Market mutual funds. For the explanations shown above, the Money Market investments were above the 25% threshold during the individual months displayed and thereby requiring a reason for being out of compliance. The Money Markets that MOA invests in, are invested in U.S. Government Securities. Therefore, the Policy and Procedures was revised effective April 23, 2024 to permit a higher percentage value in Money Market Funds that invest primarily in U.S. Government Securities.

**Measure #4:** Quarterly portfolio performance reports that measure the actual returns over the trailing 1, 3, 5, 7, and 10 year time periods, gross of fees, of the portfolios within the MCP compared to the respective benchmark returns.



	1 Year	3 Years	5 Years	7 Years	10 Years
<b>BlackRock Portfolio</b>	<b>11.06</b>	<b>1.24</b>	<b>2.38</b>	<b>2.83</b>	<b>2.86</b>
Benchmark	10.97	0.98	2.12	2.60	2.65
Excess Return	0.09	0.26	0.26	0.23	0.21
<b>PNC Portfolio</b>	<b>7.55</b>	<b>1.76</b>	<b>1.95</b>	<b>2.15</b>	<b>1.87</b>
Benchmark	7.19	1.50	1.70	1.90	1.60
Excess Return	0.36	0.26	0.25	0.25	0.27
<b>APCM Portfolio</b>	<b>5.84</b>	<b>3.82</b>	<b>2.55</b>	<b>2.42</b>	<b>1.82</b>
Benchmark	5.46	3.49	2.32	2.22	1.65
Excess Return	0.38	0.33	0.23	0.20	0.17

Values are expressed as percentages.

**Explanation:** The table above shows investment return, gross of fees, for each Municipal Cash Pool (MCP) portfolio manager, along with each manager's benchmark returns. Although returns may vary widely in the short term, managers are expected to beat their benchmark gross of fees over the long run. Public Finance monitors portfolio returns and other data to ensure that managers hired for the MCP are providing attractive returns relative to their benchmarks and their peers while maintaining a risk profile that is consistent with their mandate. Managers that do not meet our objectives can be replaced.

**Measure WC: Managing Workers' Compensation Claims**

Reducing job-related injuries is a priority for the Administration by ensuring safe work conditions and safe practices. By instilling safe work practices, we ensure not only the safety of our employees but reduce the potential for injuries and property damage to the public. The Municipality is self-insured and every injury poses a financial burden on the public and the injured worker's family. It just makes good sense to WORK SAFE.

Results are tracked by monitoring monthly reports issued by the Risk Management Division.

