

City of Fairbanks
Permanent Fund Review Board
(Quarterly Meeting Minutes)
October 18, 2017

The Permanent Fund Review Board (PFRB) convened at 1:30 P.M. on the above date in the Council Chambers to conduct a quarterly meeting with the following board members in attendance.

Board Members Present: Council Member Valerie Therrien
Patty Mongold
Jennifer Imus
Jeff Johnson
Dave Owen

Also Present: Carmen Randle, Chief Financial Officer
Paul Ewers, City Attorney
Brandy Nicoli, Chief Investment Officer-APCM
Blake Phillips, Director of Institutional Sales-APCM

The Jeff motioned and Valerie seconded to approve the July 19, 2017 minutes, the PFRB unanimously agreed.

Carmen reviewed the account's performance through September 30, 2017:

- \$130,904,986 - September 30, 2017 balance including accrued income
- \$ 2,261,865 - Dividend and interest earnings
- \$ 4,252,754 - Realized gain
- \$ 4,666,959 - Unrealized gains
- \$ 70,667 - Management and custodial fees
- \$ 11,275,484 - 2017 Earnings - net of expenses

The 2017 draw is expected to be made in December 2017. The budgeted appropriations to the general and capital funds are shown below, respectively:

- 2017 \$4,625,478 and \$578,185

Jeff motioned to reaffirm the \$396,900 lease payment from Golden Heart Utilities belong in the permanent fund. Dave seconded the motion and the PFRB agreed. Carmen will draft write a Resolution for Chairwoman Patty Mongold to sign. This resolution will be included in the October 23, 2017 Council agenda.

Reported Performance							
3rd Quarter		Year to Date		Last 12 Months		Inception to Date	
Account	Benchmark	Account	Benchmark	Account	Benchmark	Account	Benchmark
3.10%	3.08%	9.22%	9.14%	8.57%	8.53%	5.52%	5.18%
	0.13% ¹		0.38% ²		0.50% ²		
<u>3.10%</u>	<u>3.21%</u>	<u>9.22%</u>	<u>9.52%</u>	<u>8.57%</u>	<u>9.03%</u>	<u>5.52%</u>	<u>5.18%</u>

1 12.5 bps - per quarter rounded
2 50 bps hurdle -annual (YTD = 12.5 basis pts X # quarters)
3 50 bps hurdle codified in March, 2009. Inception performance begins January 31, 1998.

Brandy reviewed the account summary and market outlooks with the PFRB. She noted that consumer confidence is increasing due to employment gains, high stock prices, high home prices, low gas prices, restrained inflation, low mortgage rates and cities doing well. Earnings per share should continue to grow, and global economic growth has picked up.

Brandy reported the fund value was \$131.67 million on October 17, 2017. The portfolio performance resulted in a 9.22% year-to-date return and a 3.1% third quarter return. The combined equity allocation returned 4.59% while the fixed income allocation returned .64%

The PFRB set the next quarterly meetings for Monday January 22nd at 3:30 P.M. The annual meeting with the Council will be held in a work session or during the Council meeting on the same night.

The PFRB meeting adjourned at approximately 2:45 P.M.

Minutes will be placed on the January 22, 2018 agenda for approval.