

City of Fairbanks  
Permanent Fund Review Board  
Quarterly Meeting Minutes  
October 17, 2018

The Permanent Fund Review Board (PFRB) convened at 2:00 P.M. in the Chief Financial Officer's office to conduct a quarterly meeting with the following board members in attendance.

Board Members Present: Council Member Valerie Therrien  
Patty Mongold  
Dave Owen  
Bernard Gatewood

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

Valerie motioned, and Bernard seconded, to approve the Special Meeting August 22, 2018 minutes.

Carmen reviewed the account's performance through September 30, 2018:

- \$135,334,892 - Balance including accrued income
- \$ 2,236,980 - Dividend and interest earnings
- \$ 4,261,869 - Realized gain
- \$ (2,887,701) - Unrealized loss
- \$ 78,522 - Management and custodial fees
- \$ 3,532,625 - 2018 Earnings - net of expenses

Brandy reported that the balance of the fund was \$130,793,244 on October 16, 2018.

The 2018 draw is expected to be made in December 2018. The budgeted appropriations to the general and capital funds are shown below, respectively:

- 2018        \$4,815,487 and \$601,936

Reported Performance							
3rd Quarter		Year to Date		Last 12 Months		Inception to Date	
Account	Benchmark	Account	Benchmark	Account	Benchmark	Account	Benchmark
2.39%	2.60%	2.72%	3.40%	6.44%	7.00%	5.56%	5.26%
	0.13% <sup>1</sup>		0.38% <sup>2</sup>		0.50% <sup>3</sup>		
2.39%	2.73%	2.72%	3.78%	6.44%	7.50%	5.56%	5.26%

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 reported the portfolio performance resulted in a 2.39% 3rd quarter return, which was less than the 2.6% benchmark. The combined equity allocation returned 3.77% while the fixed income allocation returned .1%. The Global GDP is around 3.2% and the odds of a recession are still very low. However, growth should start to slow towards the expected 2% rate. Earnings are still strong globally and markets are cheaper. APCM recommends moving towards neutral as the cycle matures, be biased toward quality on corporate credit, rebalance regularly to harvest gains and control risk, and expect modest returns for the remainder of the year.

The next quarterly meeting was set for Monday, February 11, 2019 at 3:30 pm in the Council Chambers. At 5:45 p.m. APCM will present the Permanent Fund annual report to the City Council during a work session with the City Council.

The meeting adjourned at 3:00 p.m.

Minutes will be placed on the February 11, 2019 agenda for approval.