

City of Fairbanks  
Permanent Fund Review Board  
Quarterly Meeting Minutes  
July 22, 2020

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

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

Also Present: Margarita Bell, Chief Financial Officer  
Brandy Niclai, Chief Investment Officer - APCM  
Blake Phillips, Director of Institutional Solutions – APCM

Dave Owen moved, and Valerie Therrien seconded to approve the minutes from the January 27, 2020 meeting. The PFRB unanimously agreed.

Margarita Bell reviewed the account's performance through June 30, 2020:

- \$130,438,492 - Balance including accrued income
- \$ 1,051,352 - Dividend and interest earnings
- \$ 778,338 - Realized gain
- \$ (6,509,770) - Unrealized loss
- \$ (52,072) - Management and custodial fees
- \$ (4,732,152) - Earnings, net of expenses

Brandy Niclai reported that the balance of the fund was \$134,647,001 on July 21, 2020.

The 2020 draw is expected to be made in December 2020. The appropriation of \$5,586,013 to the general and capital funds are shown below, respectively:

- \$4,965,345 and \$620,668

Portfolio Summary							
2nd Quarter		Year to Date		Last 12 Months		Inception to Date	
Account	Benchmark	Account	Benchmark	Account	Benchmark	Account	Benchmark
11.69%	12.40%	-3.33%	-3.07%	2.29%	2.83%	5.34%	5.15%
	0.13% <sup>1</sup>		0.25% <sup>2</sup>		0.50% <sup>3</sup>		
<u>11.69%</u>	<u>12.53%</u>	<u>-3.33%</u>	<u>-2.82%</u>	<u>2.29%</u>	<u>3.33%</u>	<u>5.34%</u>	<u>5.15%</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 Niclai presented a market review for the second quarter. She stated that the pandemic has resulted in a quick and severe downturn in the market and causing a recession. However, these negative effects of the pandemic were met with widespread and unprecedented amounts of both monetary and fiscal stimulus that were able to calm the markets and ease the access to capital for companies and individuals that has resulted in a strong correction in most markets. She also stated that APCM continues to monitor the progression of the COVID-19 pandemic, both from a case and death count perspective, but also the progress being made in treatment and vaccine development. With interest rates likely to be held at low historical levels this will have an effect on lowering the estimated returns for the fixed income component of the portfolio.

Brandy Niclai also presented the portfolio review for the second quarter, which ended up 11.7% for the quarter due to strongly rising markets despite some more conservative positioning. She reported that APCM took a conservative approach after the initial shocks in the portfolio from the equity markets and scaled back towards the strategic equity allocation as APCM was able to gain more clarity on effects from policy response and the ability to respond to the virus. The effect of the conservative positioning did lead to some underperformance versus the benchmark in the quarter but APCM continues to believe in its prudence given the uncertain environment.

Brandy Niclai stated that there were no compliance issues to report.

The next quarterly meeting will be October 21, 2020 in the City Council Chambers.

The meeting adjourned at 2:24 p.m.