City of Fairbanks
Permanent Fund Review Board
Quarterly Meeting Minutes
July 29, 2026

The Permanent Fund Review Board (PFRB) convened at 1:31 p.m. in the Meeks Conference Room to conduct a quarterly meeting with Alaska Permanent Capital Management (APCM).

Board Member Present: Chair Patty Mongold (online)
Vice Chair Bernard Gatewood
Board Member Dave Owen
Board Member Kimberly McGinnis
Council Member Valerie Therrien

Board Member Absent: None

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

Dave Owen moved, and Valerie Therrien seconded to approve the minutes of the April 15, 2026, meeting. The PFRB unanimously agreed.

Margarita Bell reviewed the portfolio's performance as of June 30, 2026:

- $ 182,912,863 - Balance including accrued income
- $ 1,683,345 - Dividends and interest earnings
- $ 2,853,120 - Realized
- $ 12,343,469 – Unrealized
- $ (52,382) - Management and custodial fees
- $ 16,827,552 - Earnings, net of expenses

Margarita Bell reported that the balance represented a 9.3% increase from the prior quarter and a 13.7% increase from the prior year.

Margarita Bell reported that the 2026 annual draw will be made in August 2026 in the amount of $6,713,453, with $5,967,514 allocated to the general fund and $745,939 allocated to the capital fund. She also stated that this may become the standard timing going forward instead of December.

Brandy Niclai reported that earnings growth and AI-related infrastructure spending have driven positive returns, and that energy-driven inflation has delayed anticipated rate cuts. She also noted that economic growth has moderated; however, higher energy prices and geopolitical tensions have contributed to renewed inflation concerns. PFRB members discussed the impacts of AI.

Brandy Niclai presented the calculation used to quantify the strategic benchmarks as requested by the PFRB. She reported that the portfolio consists of 20 funds, of which 16 are strategic and 4 are tactical, managed by 12 managers.

Brandy Niclai presented an account summary as of June 30, 2026. She stated that APCM inception annualized account return is 6.1% and that the annualized account return as of March 2017 since the diversification beyond traditional stocks and bonds is 8.13%. Since APCM's inception, the portfolio has received $110.8 million in contributions, had $136.3 million in withdrawals, and generated $208.5 million in earnings.

Brandy Niclai presented a portfolio review for the second quarter. She reported that the allocation effect was positive, driven by a slight overweight in Emerging Markets due to higher exposure to semiconductor stocks. The selection effect also benefited from allocations to semiconductor chips and Alternative Beta. Overall, the portfolio's returns remain in line with long-term expectations. The second quarter portfolio summary is as follows:

Portfolio Summary							
2nd Quarter		Year to Date		Prior Year		Inception to Date	
Account	Benchmark	Account	Benchmark	Account	Benchmark	Account	Benchmark
9.60%	9.00%	10.20%	9.40%	13.90%	13.40%	6.10%	6.10%
	0.13% 1		0.25% 2		0.50% 3		
9.60%	9.13%	10.20%	9.65%	13.90%	13.90%	6.10%	6.10%

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 additional information for the strategic plan review. She reported that the permanent fund outperformed the median of other foundations and endowments of similar size, net-of-fee, for fiscal year 2025. She addressed the City Council's request for an 8% to 9% total portfolio return by explaining that the average return for similar foundations and endowments is 7.3%, that private equity and private credit are not approved investments under city code, and that increasing stock exposure eventually stops being rewarded with more returns.

Brandy Niclai presented a model designed to achieve peer-competitive return targets using public markets with expected returns of 7.3%. The strategy would adjust the allocation by increasing risk assets from 58% to 65%, increasing alternatives from 21% to 25%, and reducing risk-control assets from 21% to 10%. The new allocation increases the expected long-term return from 6.9% to 7.3%, bringing it more in line with the Council's request while balancing added risk against potential incremental returns. She reported that the analysis used to develop the model revealed the following: (1) the current portfolio is efficient; (2) the proposed model is a step toward achieving the 7.3% peer target; (3) increasing stock exposure to 95–100% adds risk without corresponding rewards; and (4) the current allocation meets the 6.75% target return.

PFRB discussed the information presented by Brandy Niclai regarding the new model. Dave Owens recommended increasing the allocation to 50% for the Standard & Poor's 500. Kimberly McGinnis expressed comfort with the current model but acknowledged potential benefits to adopting the new model. Bernard Gatewood was comfortable moving to the new model. Patty Mongold was comfortable with either the current or new model but requested a report showing the past five years of portfolio performance assuming a 50% allocation to the Standard & Poor's 500. Vivian Therrien requested interest-return data for the past five years for risk-control assets.

Bernard Gatewood inquired of APCM recommendation and Brandy Niclai recommended that the PFRB make no changes. Brandy Niclai expressed that a major item to consider is council's willingness to assume risk during downturns. Blake Phillips expressed the importance of diversification. PFRB tabled this decision until the next meeting after reviewing the requested reports for the last 5 years.

The compliance report was presented to the PFRB with no compliance issues.

PFRB reviewed the investment management services request for proposal, as the current contract will expire on December 31, 2026. Kimberly McGinnis recommended adding a clause noting that the current code does not allow private equity or private credit. [APCM representatives were not present for this discussion.]

The next quarterly meeting is scheduled to be held at 1:30 p.m. on Wednesday, October 28, 2026, in the Meeks Conference Room.

The meeting was adjourned at 3:29 p.m.