

City of Fairbanks  
Permanent Fund Review Board  
Quarterly Meeting Minutes  
April 30, 2025

The Permanent Fund Review Board (PFRB) convened at 1:32 p.m. in the Meeks Conference Room to conduct a quarterly meeting with Alaska Permanent Capital Management (APCM).

Board Members Present: Chair Patty Mongold  
Board Member Dave Owen  
Council Member Valerie Therrien  
Board Member Pamela Wentz

Board Member Absent: Vice Chair Bernard Gatewood (excused)

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

Valerie Therrien moved, and Pamela Wentz seconded to approve the minutes of the January 27, 2025, meeting. The PFRB unanimously agreed.

Margarita Bell reviewed the portfolio's performance as of March 31, 2025:

- \$ 151,420,429 - Balance including accrued income
- \$ 730,640 - Dividends and interest earnings
- \$ 1,574,630 - Realized gain
- \$ (2,177,695) - Unrealized loss
- \$ (25,703) - Management and custodial fees
- \$ 101,872 - Earnings, net of expenses

Margarita Bell reported that the annual draw will be made in December 2025 in the amount of \$6,520,373 to the general fund (\$5,795,887) and capital fund (\$724,486).

Brandy Niclai reported that the balance of the fund was \$151,237,446 on April 29, 2025.

Brandy Niclai presented an account summary as of March 31, 2025. She stated that the APCM inception annualized account return is 5.68% and that the annualized account return as of March 2017 since the diversification beyond traditional stocks and bonds is 6.45%.

Brandy Niclai presented a portfolio review for the first quarter. Overall, the portfolio remained resilient despite U.S. equity losses. The portfolio outperformed the benchmark by .27%. The allocation effect was positive due to a slight underweight to U.S. equities and the selection effect was positive due to the outperformance of European financial stocks and gold commodities asset class.

Brandy Niclai presented a historical review of the portfolio. Since APCM inception, the portfolio received contributions of \$111.8 million, had withdrawals of \$129.4 million, and had \$168.8 million in earnings. The portfolio has 60% equity in comparison to equivalent size endowments

with 55% equity. Brandy Niclai and Blake Phillips commented that the City of Fairbanks permanent fund is a model for many municipalities.

The first quarter portfolio summary is as follows:

Portfolio Summary							
1st Quarter		Year to Date		Prior Year		Inception to Date	
Account	Benchmark	Account	Benchmark	Account	Benchmark	Account	Benchmark
-0.10%	-0.30%	-0.10%	-0.30%	10.30%	10.70%	5.70%	5.50%
	0.13% <sup>1</sup>		0.13% <sup>2</sup>		0.50% <sup>3</sup>		
-0.10%	-0.18%	-0.10%	-0.18%	10.30%	11.20%	5.70%	5.50%
<p>1 - 12.5 bps - per quarter rounded</p> <p>2 - 50 bps hurdle -annual (YTD = 12.5 basis pts X # quarters)</p> <p>3 - 50 bps hurdle codified in March 2009. Inception performance begins January 31, 1998.</p>							

Brandy Niclai presented a strategic review to create and maintain an optimal portfolio. To achieve the goal of preserving assets while providing budgetary stability requires a portfolio return of 7.0% (2.5% inflation and 4.5% distribution). The current model has an expected annual return of 7.4%, long-term return of 6.8%, and net earnings of 4.3%. Valerie Therrien reported that there is a request of Council to seek a return of 7.5%.

Brandy Niclai reported that the portfolio is well diversified; however, private investments could be added to increase the expected return. Dave Owen inquired if other municipalities invested in private equity and whether there is a committed amount. Blake Phillips stated that North Slope Borough and Municipality of Anchorage have private equity and Brandy Niclai stated that there is a commitment of funds that is usually drawn over years. PFRB members inquired about earlier discussions about private equity. Margarita Bell read an excerpt from October 2021 minutes by former City Attorney Ewers regarding challenges of investing in private equity.

Brandy Niclai reported that there are variations of private investments that include private debt and private credit. She discussed investment management, expected returns, complexities in accounting, percent of required committed funds, allocations of funds, timing of earnings, and fees related to private equity. PFRB requested similar information about other private investments for discussion at the July meeting and impacts on municipalities with private equity.

Patty Mongold inquired about the transfer of ownership to Blue Umbrella. Brandy Niclai and Blake Phillips stated that there have been no changes in processes and business is proceeding as usual.

Brandy Niclai presented a market outlook by reporting that APCM will continue to position the portfolio to adapt to shifting environments and will continue to position the portfolio with an underweight in equities and an overweight in fixed income and gold.

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

The next quarterly meeting is scheduled to be held on Wednesday, July 30, 2025, in the Meeks Conference Room.

The meeting was adjourned at 3:10 p.m.