

**ALASKA PERMANENT FUND CORPORATION**  
**QUARTERLY MEETING OF THE BOARD OF TRUSTEES**

**May 20-21, 2020**  
**10:00 a.m.**

**Videostreaming via Webex Originating at:**  
**Michael J. Burns Building**  
**David Rose Board Room**  
**801 West 10<sup>th</sup> Street, Suite B**  
**Juneau, Alaska 99801**

**SUMMARY MINUTES**

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**Trustees Present:**

Craig Richards, Chair  
William G. Moran, Vice Chair  
Marty Rutherford  
Corri Feige  
Lucinda Mahoney  
Steve Rieger

**Trust staff present:**

Angela Rodell, CEO	Marcus Frampton, CIO
Val Mertz, CFO	Steve Mosely
Valeria Martinez	Jim Parise
Sebastian Vadakumcherry	Katherine Smith
Ross Alexander	Sara Race
Logan Rahn	Rose Duran
Tim Andreyka	Rafa Ramirez
Sam LaPierre	Ed Rime
Yulian Ninkov	Chad Brown
Danielle Graham	Jennifer Thorsteinson

**Investment Advisor:**

George Finn

**Others Present:**

Gregory Allen, Callan Associates  
Steven Center, Callan Associates  
Doug Woodby, 350Juneau  
Kate Troll  
Cathy Giessel, Senate President  
Senator Jesse Kiehl  
Representative Jennifer Johnston  
Eileen Wagner  
Scott Balovich  
Sharmila Kassam  
Andrew Sawyer  
John Skjervem  
Kenneth Frier  
Jeb Burns

## PROCEEDINGS

**May 20, 2020 - 10:00 a.m.**

### CALL TO ORDER

CHAIR RICHARDS called the Alaska Permanent Fund Corporation Quarterly Meeting to order and asked for a roll call.

MS. MEINERS called the roll and stated that there was a quorum.

CHAIR RICHARDS moved to the approval of the agenda.

### APPROVAL OF AGENDA

**MOTION:** A motion to approve the agenda was made by TRUSTEE RUTHERFORD; seconded by TRUSTEE FEIGE.

*After the roll call vote, the MOTION was APPROVED. (Rieger, Rutherford, Moran, Feige, Mahoney, Richards).*

CHAIR RICHARDS moved to the approval of the minutes.

### APPROVAL OF MINUTES (February 19-20, 2020; March 05, 2020)

**MOTION:** A motion to approve the minutes for February 19-20, 2020, was made by TRUSTEE MAHONEY; seconded by TRUSTEE RUTHERFORD.

*After the roll call vote, the MOTION was APPROVED. (Mahoney, Feige, Rutherford, Richards, Moran; Trustee Rieger abstained).*

**MOTION:** A motion to approve the minutes for March 05, 2020, was made by TRUSTEE RUTHERFORD; seconded by TRUSTEE MAHONEY.

*After the roll call vote, the MOTION was APPROVED. (Mahoney, Feige, Rutherford, Richards, Moran, Trustee Rieger abstained).*

### SCHEDULED APPEARANCES AND PUBLIC PARTICIPATION

CHAIR RICHARDS moved to the public comments and stated that there was a list of six people who wished to comment. He asked that public comments stay to three minutes. He recognized Ms. Troll.

MS. TROLL thanked the board for the opportunity to testify. She stated that she wrote a letter signed by herself and Rick Steiner and read it into the record. She asked the Board of Trustees to stop the bleeding of losses in the Permanent Fund's fossil fuel holdings. which she noted violates the prudent investor rule. She spoke about the requirements in Alaska's Constitution, Section 15, which state that the principal of the Permanent Fund is to be used only for income-producing investments specifically designated by law as eligible for the Permanent Fund investments. She

added that AS 37.13.120 says that there are no exemptions or exceptions for any particular class of investments because the Legislature wanted the Permanent Fund to be driven solely by maximizing the expected total return and not by politics or government policy. She continued explaining aspects of the prudent investor rule. She noted that Alaskans have been steadily, repeatedly highlighting how global sovereign wealth funds and other large pension funds have been steadily divesting from oil and gas exploration to shield their funds from a long-term fall in oil prices. She asked the Board to commit to following the recommendations of an independent investment analyst contracted to review the Fund's fossil fuel holdings in the context of prevailing in ordinary prudence used by similar investment institutions.

CHAIR RICHARDS recognized Doug Woodby as the next person on the agenda for public comment.

MR. WOODYBY stated that he represented 350 Juneau Climate Action for Alaska. He thanked the Corporation staff for all they do to protect and grow the Fund for the benefit of all Alaskans. His comments focused on fiduciary concerns and not on environmental social issues. He went over two graphs; the first one showed the price return of the traditional energy sector relative to the other major sectors over the last ten years. He noted that by the end of the decade, the S&P 500 had outperformed the energy sector by more than a factor of 30. The second graph showed the value of the energy sector as a proportion of the overall S&P 500 over the past 40 years. He continued that the graph shows that the energy sector had been on a long term, substantial decline from a high in the early 1980s to March of this year; a loss of about 90 percent. Given this historic and glaring underperformance, he asked if there was any justification for maintaining investments in fossil-fuel-related industries. He stated that oil companies have historically paid good dividends, but they can't possibly compensate for the overall issues in value. He continued that, in prior testimony, the Corporation had been encouraged to conduct an analysis of climate risk, and it was his understanding that the Corporation may be bringing on an intern perhaps later this year to do that. He thanked them for moving forward on that, and for considering his comments.

CHAIR RICHARDS thanked Mr. Woodby and recognized Senator Kiehl.

SENATOR KIEHL thanked all for letting him speak and stated it was his great privilege to represent the Capital City in the Senate, which makes one of his constituents a former trustee and current executive director, Angela Rodell. He continued that the Alaska State Legislature this year honored Director Rodell on being named to the Sovereign Wealth Quarterly's 100 Most Significant and Impactful Asset Owners and Public Executives of 2019. He yielded his time to Senator Cathy Giessel.

CHAIR RICHARDS stated that it was a pleasure to have President Giessel here.

SENATOR GIESSEL stated that this citation is a small representation of the profound pride that we have and Ms. Rodell's accomplishments. The women of the Legislature are particularly proud of her. She continued that the citation cites her accomplishment, and we feel it is such a small symbol, but asked that every time she looks at it, to remember how proud we are of her. She stated that Representative Jennifer Johnston, one of the sponsors of this citation, was also trying to get on.

REPRESENTATIVE JOHNSTON stated that it is a pivotal time for Alaska and its Permanent Fund, and Alaska is very fortunate to have Ms. Rodell. She embodies consistent innovative growth management that allows the State to have confidence in its valuable asset, the Fund. The confidence in her management is validated by her international ranking and other international awards received by the Fund. Ms. Rodell is the right person at the right place at the right time.

CHAIR RICHARDS thanked all the members of the Legislature for their kindness in giving such a nice and heartfelt thank you for the CEO.

TRUSTEE RUTHERFORD asked if Ms. Rodell would like to say something in response to the Legislators' honor.

CEO RODELL stated that she is speechless and thanked them for the honor. It means a lot, and she hoped to continue delivering all that is expected of us.

CHAIR RICHARD stated that there was a final person for public testimony, and recognized Eileen Wagner.

MS. WAGNER stated that she has been an Alaska resident for 45 years and stated concern with climate risk for the Alaska Permanent Fund. She took a minute to remind all of the recent actions of other large fiduciary institutions. Some of the biggest names in the financial news have turned their backs on fossil fuel projects in the Arctic: Goldman Sachs, J. P. Morgan, European Investment Bank, Royal Bank of Scotland, Lloyd's, Wells Fargo, Citigroup, and the list goes on. The onset of COVID-19 and sudden drop in oil prices revealed that the oil industry is a house of cards. There is still time to get out of oil stocks before they tank. She thanked all for the work done to protect Alaska's Permanent Fund.

CHAIR RICHARDS thanked her for her testimony, and moved to the committee reports.

## **COMMITTEE REPORTS**

### **AUDIT COMMITTEE**

TRUSTEE RUTHERFORD stated that she is chairman of the Audit Committee, and the most recent meeting was May 19<sup>th</sup>. She explained that an audit preview and risk assessment was given by Mike Hayhurst, the new engagement partner with KPMG. KPMG has a policy that an engagement partner for an entity can only serve for a certain number of years, and Beth. Stuart had termed out. Mr. Hayhurst has been in the No. 2 slot as a review auditor for some time, and Melissa Beedle will continue participating on the audit. She continued with the fiscal year '20 year-to-date financial statement review by Valerie Mertz. It was interesting, depressing and somewhat expected. Also noted is that it is time for the annual audit committee self-assessment, which is done yearly. The committee members of the Audit Committee committed to provide Ms. Mertz, the CFO, with review assessments by the end of this two-day meeting. She also noted that last year a couple of additional noncommittee trustee members decided to participate and welcomed any trustees with that desire.

CHAIR RICHARDS thanked Trustee Rutherford and moved on to the communication from the State Auditor. This is an item for executive session. He asked Mr. Poag to give a quick minute on the issue.

## COMMUNICATION FROM STATE AUDITOR

MR. POAG explained that the purpose of this agenda item is to update the Board on the status of the fiscal year '18 and '19 royalty payments that were not appropriated to the Permanent Fund. That is roughly \$299 million. The statutory royalty payments are those above the constitutional floor of 25 percent and were set out in statute in 1980. This issue is ripe to the point where litigation is now possible, and because of that he recommended convening in executive session to have that discussion.

CHAIR RICHARDS asked for a motion.

**MOTION:** A motion that the Board of Trustees convene in executive session for the purpose of receiving legal advice from the Board's attorney, Chris Poag, regarding the fiscal year 2018 and 2019 statutory royalty payments -- this topic is appropriate for executive session because it requires a candid discussion of the facts and possible litigation strategies. A public discussion of this matter could be harmful to the public interest -- was made by TRUSTEE RUTHERFORD; seconded by TRUSTEE RIEGER.

CHAIR RICHARDS asked that the vote be called.

*After the roll-call vote, the MOTION was APPROVED. (Mahoney, Feige, Rutherford, Richards, Moran, Rieger).*

(Executive session from 10:33 a.m. until 11:40 a.m.)

CHAIR RICHARDS called the meeting back to order.

**MOTION:** A motion to move back out of executive session was made by TRUSTEE RIEGER; seconded by TRUSTEE FEIGE.

*After the roll-call vote, the MOTION was APPROVED. (Mahoney, Feige, Rutherford, Richards, Moran, Rieger).*

CHAIR RICHARDS stated that while in executive session, the Board considered only the matters mentioned in the motion and took no action. Coming out of executive session, the following guidance will be provided to staff: Mr. Poag will contact the Legislative Auditor and, on the issue of the past royalty payments, let her know that the trustees have direction from the Department of Law. This matter is between the Department of Law and the Legislative Auditor to resolve. He moved to the next agenda item.

## ELECTION OF VICE CHAIR

CHAIR RICHARDS opened the nominations for the Vice Chair.

TRUSTEE MAHONEY nominated TRUSTEE MORAN for Vice Chair; seconded by TRUSTEE RIEGER.

CHAIR RICHARDS asked for any other nominations. There being none, the nominations were closed.

CEO RODELL stated the need for a roll-call vote.

CHAIR RICHARDS asked for a roll-call vote for Bill Moran for Vice Chair.

*After the roll call vote, the MOTION was APPROVED. (Mahoney, Feige, Rutherford, Richards, Moran, Rieger).*

MS. MEINERS stated that Trustee Moran is Vice Chair.

CHAIR RICHARDS moved on to the Chief Executive Officer's report

### **CHIEF EXECUTIVE OFFICER'S REPORTS**

CEO RODELL stated that one of the requests in the Audit Committee was to have Scott Balovich, director of IT, to provide the Board members with a brief statement about security in this time of working remotely.

MR. BALOVICH stated that, in terms of being able to balance the ability for folks to carry out the mission and do it in a secure way, two years ago we chose to use Virtual Desktop infrastructure as the platform for the desktop for folks. He explained that they have a two-factor authentication to get into the systems, which leads to the security. There is a PIN that they set, and then there is a software token that is used to generate a code. Staff is prompted with that, and then they are prompted with their regular credentials. He noted that one of the biggest struggles was increasing the bandwidth due to the whole office being out.

CEO RODELL stated that there were a number of standard reports and that she would be happy to answer any questions on them. There was a detail done in the audit report on the financial statements and the net-of-fee report is in there. There will be a more detailed budget discussion tomorrow, and those numbers will be going lower. She explained that a lot of that has to do with assets-under-management valuations. She continued to the Anchorage office and stated that in December the Board had approved moving forward and opening an Anchorage office in the fall. She added that there were no financial resources included in the FY21 budget to procure space for this physical office. Staff has learned a lot about working remotely, about what the capability is. She continued that employees can be in Anchorage, which would not necessarily require a formal physical office space. She stated that a lot has changed, and this may be something for the Board to reaffirm the commitment to open a physical office in Anchorage.

CHAIR RICHARDS stated that one of the major topics of conversation at the strategic retreat last summer was the challenge of recruiting investment personnel over the last few years. Two ways to address that problem were identified, one of which was to increase compensation; and the other item was having the ability for folks to work in different places may be helpful to improve recruiting. He asked that staff put the plan together as discussed and circulated by July 1. If the Board wants to take a different action, it could be done after looking at the plan.

CEO RODELL talked about the challenges of an Anchorage office and noted that the compensation discussion has to stay at the front for all staff. It is important to recognize that in whatever is being done, to do it for all of the staff, and not just in terms of attracting and recruiting one group or another.

CHAIR RICHARDS moved to the next item on the agenda and recognized George Zinn, for Investment Advisor Comments.

### **INVESTMENT ADVISOR COMMENTS**

MR. ZINN started with a general overview and talked about the equity market. He reminded all that the amount and the magnitude and alacrity with which both the fiscal and monetary sides of the government have moved have been entirely different than the last crisis. He stated that people are reconsidering their real asset allocation and looking into that. He also believes that people have been implementing a number of overlay programs in an attempt to either simply adjust duration without turning over their entire fixed-income portfolio or other strategies for tail risk. He then talked about the investment strategy where the overall view is maintaining where it was pre-crisis, equal weight, and then overweight duration.

CHAIR RICHARDS thanked Mr. Zinn and moved to the CIO report.

### **CIO REPORT**

MR. FRAMPTON began with a summary update in asset classes and fund positioning. He went through each of the asset classes, highlighting some COVID impacts. The main thing in March was rebalancing. The fixed-income market did get fairly illiquid at certain points, but we were able to manage through it. He went through the real estate portfolio update. He also talked about REITs, which will be added July 1. That would help immediately with some of the underweights to those areas, and we are happy to be moving forward with that.

CHAIR RICHARDS stated that he hoped there would be a special session on the real estate portfolio for the new Board members. There has been some real concern with the real estate portfolio. There have been some real write-offs and a lack of concern that there is a real vision and plan for the real estate group. A lot of changes have been made in the last year. He continued that he would like an update on what has happened, what has changed, and what is being done to address some of those challenges at the next Board meeting. He would also like addressed the very troubling letter from the partners at 529 Park.

MR. FRAMPTON continued on to absolute return and then talked about the cash and risk parity portfolio. He quickly went through the investment actions and concluded his report.

TRUSTEE RUTHERFORD talked about some recommendations Tim Walsh made regarding real estate “aligning expectations with capacity,” or something like that. She asked that be addressed and included in the discussion at the next Board meeting.

MR. FRAMPTON replied that he would put together some kind of report card for the next Board meeting and share it ahead of time.

CHAIR RICHARDS called a break.

(Break.)

CHAIR RICHARDS called the meeting back to order, and recognized Sebastian Vadakumcherry.

## **RISK OVERVIEW**

MR. VADAKUMCHERRY began the risk overview section and stated that there are two parts. The second part is the basic risk reporting done every quarter, and the first part looks at the risk appetite comparison and a closer look at the portfolio vis-à-vis risk numbers during this crisis. He rehashed the risk appetite and stated that they are in a review period trying to look at the portfolio or trying to make a definition and articulation of the risk appetite as to how much risk to take. This is not related to the benchmark. It is on an absolute basis. One of the considerations is looking at and reviewing the definition of risk appetite in terms of a risk-tolerance portfolio. The way risk is defined is to look at it in parameters. One is simple, straightforward value at risk, called standard deviation or volatility. Then there are three other metrics looked at in terms of a stress parameter -- how much would the portfolio decline in value for three defined stress scenarios. That is how risk tolerance or risk appetite is defined for the portfolio.

CHAIR RICHARDS recognized Callan.

## **CAPITAL MARKET OVERVIEW**

MR. ALLEN stated that he is from Callan and introduced Steve Center. He gave a quick update on the firm and stated that it went fully remote on February 13<sup>th</sup>. He explained that they are operating fully functionally. They are doing manager researchers virtually; doing presentations and town halls, and generating performance reports at the same pace. He turned it over to Mr. Center.

MR. CENTER stated that he just celebrated his ten-year anniversary with Callan. He began with a snapshot of trailing performance for both the fixed income and equity markets as of March 31<sup>st</sup>. The U.S. equity markets were down, and there was some stark improvement since March 31<sup>st</sup>. He continued his presentation, explaining as he went along. He commented on the quick drawdown in equity markets which was the sharpest and fastest equity market decline that was ever seen: 16 trading days to read a “bear market” and, peak to trough, 33 percent decline in 23 trading days. He added that there has been an incredible snapback as well: about as long as it took to decline, there was an increase of more than 10 percent. He moved on to the asset class summary. U.S. equities were impacted dramatically; energy down 50 percent during the first quarter, and financials down 30 percent. There has been some recovery there. He talked about the yield curve and then moved to real estate. He finished up on private equity, which is an area with a lot of question marks. It takes a little while for these sorts of changes to trickle into the private asset classes. Private equity is where additional changes in the next quarter are expected.

## **ASSET CLASS OVERVIEW**

MR. CENTER began by looking at the Total Fund’s asset allocation as of the end of the first quarter. The Permanent Fund was allocated 36 percent to public equity; 22 percent to fixed income and fixed-income-plus; 42 percent to alternatives. That represented a decrease to public equity and fixed income, and an increase to alternatives to calendar and 2019. This is a report on the private asset investments on a one-quarter lag. He moved into the Fund’s performance and went through the benchmarks.

MR. ALLEN stated that this exercise is done every year with the Alaska Permanent Fund, and most of the other clients where they come up with capital market projections. These are

designed to be long-term, to be strategic planning tools, and then to look at the portfolio and give some idea of what the midpoint of the expected return is and what the range of outcomes look like. He continued that the first question is if the point of view on the capital market projections have changed. He replied that there is no plan to change the capital market projections. They are long-term planning tools and are purposefully slow-moving, and tend toward long-term averages as opposed to reflect what happened in the most previous quarter. There is a large reduction in the target to private real estate. He stated that it is not the time to buy into an open-ended fund because valuations have not come down to reflect the actual values. He continued that they are counseling clients not to make new allocations to private funds unless they are closed-end funds where capital is raised and will have dry powder. He concluded his presentation.

CHAIR RICHARDS adjourned the meeting, and stated they would reconvene tomorrow.

(Alaska Permanent Fund Corporation Quarterly Board Meeting recessed at 2:35 p.m.)

**May 21, 2020 - 10:00 a.m.**

CHAIR RICHARDS asked for the roll call and stated there was a quorum. He moved to the interviews and recognized CEO Rodell.

CEO RODELL stated that there were three spots open on the investment advisory group. Historically, either two or three candidates filled those positions. She explained that Jerry Mitchell retired and did not seek to renew his seat. Tim Walsh resigned his seat due to a conflict. Currently, George Zinn is the only investment adviser, and we have put out a request for applications. She continued that she, Marcus Frampton, Val Mertz, and Sebastian Vadakumcherry reviewed the applications and narrowed it down to the field here today.

CHAIR RICHARDS moved to the interviews of Sharmila Kassam, Andrew Sawyer, John Skjervem, Kenneth Frier and Jeb Burns. After the interviews, he asked for a motion to go into Executive Session.

**MOTION:** Per Alaska Statute 44.62.310 (c) pertaining to the Open Meetings Act, a motion that the Board of Trustees convene in executive session to discuss the hiring of members to the Investment Advisory Committee. This topic does fall under Subsection 2 of that statute as a subject that could tend to prejudice the reputation and character of any person, provided the person may request a public discussion was made by TRUSTEE FEIGE; seconded by TRUSTEE RIEGER.

*After a roll call vote, the MOTION was APPROVED (Mahoney, Rutherford, Moran, Rieger, Feige, Richards).*

(Executive Session from 11:20 a.m. until 12:15 p.m.)

**MOTION: A motion to come out of Executive Session was made by TRUSTEE RIEGER; seconded by TRUSTEE FEIGE.**

*After a roll call vote, the MOTION was APPROVED (Rutherford, Moran, Rieger, Feige, Richards).*

CHAIR RICHARDS explained that the Board met in Executive Session to review five candidates who were just interviewed in public. It was universally recognized that all five of the candidates were exceptional and would have been wonderful additions to the Permanent Fund team. He stated that all five were extremely qualified, and we were very lucky to have an applicant pool of this strength. In terms of how the Board awards work, there are three independent advisory positions that are on staggered three-year terms. These tend to be automatic renewals, although the independent adviser does have the choice to not renew at the end of a term. In this instance, there is a one-year term and a three-year term available. He asked for a motion.

**MOTION: A motion that the Alaska Permanent Fund Corporation Board award two investment adviser contracts, one to Mr. Ken Frier until 2023, and one to Mr. John Skjervem, until 2021 -- both of the contracts are renewable -- was made by TRUSTEE RUTHERFORD; seconded by TRUSTEE FEIGE.**

*After the roll call vote, the MOTION was APPROVED. (Moran, Richards, Rutherford, Feige, Mahoney, Rieger).*

CHAIR RICHARD asked someone from staff to reach out to the selected candidates over the break.

(Break.)

CHAIR RICHARD called the meeting back to order. He recognized Marcus Frampton who presented the revised investment policy review and adoption.

### **INVESTMENT POLICY REVIEW & ADOPTION**

MR. FRAMPTON stated that this investment policy project has been going on for the last year and has involved input from most areas within the firm. He continued that this presentation was structured the same as the one in February. He went through each item so that the trustees were clear on what was changing from the current investment policy.

**MOTION: A motion to accept the investment policy as recommended by the staff, absent the authority for gold, was made by TRUSTEE MORAN; seconded by TRUSTEE RUTHERFORD.**

CHAIR RICHARDS asked for discussion. He stated that a lot of the material had been discussed, but he did not think everything had been discussed.

CEO RODELL stated that there had been a very good discussion and pointed out that there were numerous discussions on various parts of it but not a holistic line-by-line on the policy at any one point. She continued that all of the really big topics have been covered at length at some point.

TRUSTEE MORAN stated that it seemed that all of the changes have been thoroughly discussed. Just about everything that has been changed has been discussed as to why.

TRUSTEE RUTHERFORD added that the aspects that were not changed have been reported against over the course of the last four years and is part of our regular exchange of information.

CHAIR RICHARDS called the question.

*After the roll call vote the MOTION was APPROVED. (Feige, Moran, Rutherford, Mahoney, Rieger, Richards).*

## **PACING APPROVAL**

CHAIR RICHARDS recognized Steve Moseley.

MR. MOSELEY stated that he manages alternatives and continued that the conversation about pacing is more about how we got to where we are. He continued that the recommendation was to commit and invest approximately \$650 million in private income the next fiscal year and about \$1.6 billion in private equity and special opportunities, which is almost precisely what was done in the current year that is about to end. He added that the pacing discussion is helpful and necessary because of the way the Fund invests. He explained all in more detail and then did the same with private income.

**MOTION:** A motion to approve the alternative investments pacing as outlined in Pages 427 through 439 of the Board packet was made by TRUSTEE RIEGER; seconded by TRUSTEE MAHONEY.

*After the roll call vote the MOTION was APPROVED. (Moran, Rutherford, Feige, Mahoney, Richards, Rieger).*

CHAIR RICHARDS moved to the next item, which is a presentation of the potential idea to expand the in-state investment program.

## **IN-STATE INVESTMENT PROGRAM UPDATE**

CHAIR RICHARD stated that if the Permanent Fund were to respond to COVID-19, the working group -- himself, Trustee Rutherford, Marcus Frampton, Steve Moseley and CEO

Rodell -- worked on formulating the best proposal. He continued that this is a presentation of the thought process that came out of that working group. He added that if policymakers are to push the Permanent Fund into reacting to COVID-19, this is the way it could be done.

TRUSTEE RUTHERFORD agreed and added that it is quite possible and stated that some of her friends and acquaintances have raised the concept of: “Now is the time to dip into the Permanent Fund \$60 billion to resolve the state’s budget in a very aggressive fashion.” This is about busting through into the corpus, and she added that she is very concerned. She continued that the Fund needs to be prepared with a definitive plan. This presentation is some ideas that resulted from the working group.

MR. MOSELEY stated that this is hypothetical and there is no action plan. He summarized the framework: There in the short-term to potentially deploy more capital in the state and begin to build kind of a financial services ecosystem, an investment managers ecosystem in the state of Alaska. He then described thematically the types of investment programs that were designed and discussed. He moved to the steps that would be required: the planning, the execution and the ongoing management, which take time and resources, but are all necessary to execute the plan described.

CHAIR RICHARDS thanked all for their hard work and moved on to the budget review.

#### **APFC BUDGET REVIEW**

MS. RACE stated that she is the administrative operations manager for the Corporation. She began by reviewing the FY20 budget that included the projections through the end of the fiscal year. The Corporation’s budget consists of two components: corporate operations and investment management fees. Currently, there is one open capital appropriation.

CHAIR RICHARDS asked for a motion.

**MOTION: A motion to authorize expenditures as laid out in the budget projections was made by TRUSTEE MORAN; seconded by TRUSTEE MAHONEY.**

*After a roll call vote, the MOTION was APPROVED (Mahoney, Rutherford, Moran, Rieger, Feige, Richards).*

#### **ADVISOR COMMENTS**

MR. ZINN reflected on the two-day meetings, specifically on some of the questions from the trustees to the investment advisers, as well as to himself. He stated that staff deserved a commendation for the discipline implementing the government structure that the trustees have laid out. He continued, that was discussed in terms of rebalancing on the way down in the markets as well as taking advantage of the opportunities in investment-grade fixed income. He added that the governance structure in place is working really well.

CHAIR RICHARDS asked for any other matters.

CEO RODELL reminded all about the calendars for the balance of 2020 and the 2021 schedule. These calendars are adopted every September. She appreciated everyone's patience with this first virtual meeting. She added that this was Maggie's last Board meeting. She is heading off to Dartmouth to get her MBA. Jennifer Thorsteinson will be taking over for her.

CHAIR RICHARDS moved to Trustee Comments.

### **TRUSTEE COMMENTS**

CHAIR RICHARDS stated that it was sad to conduct this first meeting without Carl Brady. He was a monumental member of this Board, and he will be missed.

TRUSTEE FEIGE echoed what was said regarding Carl Brady and his passing; a very sad and great loss to Alaska and the APFC. She thanked staff for the tremendous steady hand in staying the course over the last few months.

TRUSTEE MORAN seconded Trustee Feige's comments.

TRUSTEE RUTHERFORD also echoed what Trustee Feige said, and she stated well done on the foresight to set up such a wholesome, substantive remote program to pull off this great meeting.

TRUSTEE RIEGER also echoed what was said and thanked all for the warm welcome and looked forward to meeting everyone. He also congratulated the staff for pulling off this tough meeting.

TRUSTEE MAHONEY stated it had all been said. She stated appreciation for the great meeting.

CHAIR RICHARDS adjourned the meeting.

(Alaska Permanent Fund Corporation Quarterly Board Meeting adjourned at 3:10 p.m.)