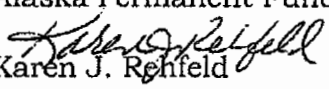


MEMORANDUM

STATE OF ALASKA

Office of the Governor
Office of Management and Budget
PO Box 110020
Juneau AK 99811-0020
(907) 465-4660, fax 465-3008

To: Michael Burns
Executive Director
Alaska Permanent Fund Corporation

From: Karen J. Rehfeld 
Director
Office of Management and Budget

Date: November 5, 2008

Subject: APFC Operating Budget in
Declining Financial
Markets

On October 23, 2008, you requested feedback on a potential issue regarding the source of funds for the Alaska Permanent Fund Corporation's annual operating budget during times of extreme market volatility with downward trends.

As you outlined in your memorandum, state statute section 37.13.150 clearly identifies the source of corporation's operating budget as "The revenue generated by the fund's investments." A consultation with the Department of Law regarding the corporation's current circumstance affirms APFC's interpretation that the operating budget should be paid from positive cash flow in order to meet the FY09 appropriated budget.

cc: Mike Nizich, Chief of Staff
Julie Hamilton, APFC Director of Finance