

**ALASKA STATE LEGISLATURE  
HOUSE STATE AFFAIRS STANDING COMMITTEE**

May 7, 2019

3:08 p.m.

**MEMBERS PRESENT**

Representative Zack Fields, Co-Chair  
Representative Jonathan Kreiss-Tomkins, Co-Chair  
Representative Grier Hopkins  
Representative Andi Story  
Representative Sarah Vance  
Representative Laddie Shaw

**MEMBERS ABSENT**

Representative Adam Wool

**OTHER LEGISLATORS PRESENT**

Senator Click Bishop  
Representative Harriet Drummond  
Representative Kelly Merrick  
Representative Bart LeBon  
Representative Dan Ortiz  
Representative Sara Hannan

**COMMITTEE CALENDAR**

HOUSE JOINT RESOLUTION NO. 5

Proposing amendments to the Constitution of the State of Alaska prohibiting the establishment of, or increase to, a state tax without the approval of the voters of the state; and relating to the initiative process.

- HEARD & HELD

HOUSE JOINT RESOLUTION NO. 6

Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund and the permanent fund dividend.

- HEARD & HELD

HOUSE JOINT RESOLUTION NO. 7

Proposing amendments to the Constitution of the State of Alaska relating to an appropriation limit; relating to the budget

reserve fund and establishing the savings reserve fund; and relating to the permanent fund.

- HEARD & HELD

HOUSE BILL NO. 139

"An Act providing an exemption from the state procurement code for the acquisition of investment-related services for assets managed by the Board of Trustees of the Alaska Permanent Fund Corporation."

- MOVED HB 139 OUT OF COMMITTEE

PRESENTATION: PERMANENT FUND 101

- HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HJR 5

SHORT TITLE: CONST. AM: STATE TAX; INITIATIVE

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

|          |     |                                 |
|----------|-----|---------------------------------|
| 02/20/19 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/20/19 | (H) | STA, JUD, FIN                   |
| 04/30/19 | (H) | STA AT 3:00 PM GRUENBERG 120    |
| 04/30/19 | (H) | Heard & Held                    |
| 04/30/19 | (H) | MINUTE(STA)                     |
| 05/02/19 | (H) | STA AT 3:00 PM GRUENBERG 120    |
| 05/02/19 | (H) | Scheduled but Not Heard         |
| 05/07/19 | (H) | STA AT 3:00 PM CAPITOL 106      |

BILL: HJR 6

SHORT TITLE: CONST. AM.:PERMANENT FUND & DIVIDEND

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

|          |     |                                 |
|----------|-----|---------------------------------|
| 02/20/19 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/20/19 | (H) | STA, JUD, FIN                   |
| 04/25/19 | (H) | STA AT 3:00 PM GRUENBERG 120    |
| 04/25/19 | (H) | Heard & Held                    |
| 04/25/19 | (H) | MINUTE(STA)                     |
| 04/30/19 | (H) | STA AT 3:00 PM GRUENBERG 120    |
| 04/30/19 | (H) | Heard & Held                    |
| 04/30/19 | (H) | MINUTE(STA)                     |
| 05/02/19 | (H) | STA AT 3:00 PM GRUENBERG 120    |
| 05/02/19 | (H) | Scheduled but Not Heard         |
| 05/07/19 | (H) | STA AT 3:00 PM CAPITOL 106      |

BILL: HJR 7

SHORT TITLE: CONST AM:APPROP. LIMIT; RESERVE FUND

SPONSOR(S): RULES BY REQUEST OF THE GOVERNOR

|          |     |                                 |
|----------|-----|---------------------------------|
| 02/20/19 | (H) | READ THE FIRST TIME - REFERRALS |
| 02/20/19 | (H) | STA, JUD, FIN                   |
| 04/30/19 | (H) | STA AT 3:00 PM GRUENBERG 120    |
| 04/30/19 | (H) | Heard & Held                    |
| 04/30/19 | (H) | MINUTE(STA)                     |
| 05/02/19 | (H) | STA AT 3:00 PM GRUENBERG 120    |
| 05/02/19 | (H) | Heard & Held                    |
| 05/02/19 | (H) | MINUTE(STA)                     |
| 05/07/19 | (H) | STA AT 3:00 PM CAPITOL 106      |

BILL: HB 139

SHORT TITLE: AK PERM. FUND CORP. PROCUREMENT EXEMPTION

SPONSOR(S): JOHNSTON

|          |     |                                 |
|----------|-----|---------------------------------|
| 04/17/19 | (H) | READ THE FIRST TIME - REFERRALS |
| 04/17/19 | (H) | STA, FIN                        |
| 04/25/19 | (H) | STA AT 3:00 PM GRUENBERG 120    |
| 04/25/19 | (H) | Heard & Held                    |
| 04/25/19 | (H) | MINUTE(STA)                     |
| 05/07/19 | (H) | STA AT 3:00 PM CAPITOL 106      |

**WITNESS REGISTER**

VIC FISCHER

Anchorage, Alaska

**POSITION STATEMENT:** Testified during the hearing on HJR 5, HJR 6, and HJR 7.

GORDON HARRISON

Juneau, Alaska

**POSITION STATEMENT:** Testified during the hearing on HJR 5, HJR 6, and HJR 7.

ANGELA RODELL, Chief Executive Officer

Alaska Permanent Fund Corporation (APFC)

Juneau, Alaska

**POSITION STATEMENT:** Presented "Permanent Fund 101" with the use of a PowerPoint presentation.

**ACTION NARRATIVE**

[3:08:18 PM](#)

**CO-CHAIR JONATHAN KREISS-TOMKINS** called the House State Affairs Standing Committee meeting to order at 3:08 p.m. Representatives Hopkins, Story, Vance, Shaw, Fields, and Kreiss-Tomkins were present at the call to order. Also present were Senator Bishop and Representatives Drummond, Merrick, LeBon, Ortiz, and Hannan.

**HJR 5-CONST. AM: SHJR 5-CONST. AM: STATE TAX; INTIATIVE**

**HJR 6-CONST. AM.:PERMANENT FUND & DIVIDEND**

**HJR 7-CONST AM:APPROP. LIMIT; RESERVE FUND**

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CO-CHAIR KREISS-TOMKINS announced that the first order of business would be HOUSE JOINT RESOLUTION NO. 5, Proposing amendments to the Constitution of the State of Alaska prohibiting the establishment of, or increase to, a state tax without the approval of the voters of the state; and relating to the initiative process and HOUSE JOINT RESOLUTION NO. 6, Proposing amendments to the Constitution of the State of Alaska relating to the Alaska permanent fund and the permanent fund dividend and HOUSE JOINT RESOLUTION NO. 7, Proposing amendments to the Constitution of the State of Alaska relating to an appropriation limit; relating to the budget reserve fund and establishing the savings reserve fund; and relating to the permanent fund.

CO-CHAIR KREISS-TOMKINS relayed a personal anecdote of his first meeting with Vic Fischer at the Conference of Young Alaskans. He asked Mr. Fischer to offer comments and insights to the House State Affairs Standing Committee regarding the Alaska State Constitution and the proposed amendments under HJR 5, HJR 6, and HJR 7.

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VIC FISCHER testified as a former delegate to Alaska's Constitutional Convention. He responded to Representative Kreiss-Tomkins's anecdote. He then referred to an opinion editorial ("Op Ed") that he recently authored, published in the Anchorage Daily News and other local newspapers, entitled "The Alaska I helped build is under attack," which read in part as follows:

As one of the founders of Alaska statehood, I am appalled by Gov. Mike Dunleavy's proposed budget, which drastically cuts funding for K-12 education and the university, and slashes health services for 213,000 Alaskans, half of them children. It reduces support for seniors and undermines the taxing authority of local governments across the state.

The Alaska that I helped to build is under attack. When we wrote Alaska's Constitution in 1955-56 and achieved statehood in 1959, we established a structure of state and local government to provide essential services. Now, 60 years later, the ideals of statehood and our constitution are under assault by Gov. Dunleavy and his people.

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MR. FISCHER relayed that when he reviewed the proposed constitutional amendments under HJR 5, HJR 6, and HJR 7, he thought back to his involvement in World War II - a war to protect democracy around the world. After the war he came to Alaska, which was a territory at the time, and became involved in the statehood movement. He ran and was elected to be a delegate to the constitutional convention. He said that the impetus to become a state was so that the residents of Alaska could be full-fledged citizens of the U.S. and control their own futures. The constitutional convention was initiated before statehood to demonstrate that the territory was mature enough to design a constitution that was as good as - and maybe better than - any other constitution in the U.S.

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MR. FISCHER stated that the Alaska State Constitution was drafted over a period of 75 active days in session at the Fairbanks campus of the University of Alaska - the only campus of the university at that time. It was an excellent venue in that it was away from politics and special interests; the convention lacked partisanship; the elections were non-partisan; and there was no mention of political parties. They were working to build a foundation for the future of Alaska. The constitution was modeled after the U.S. Constitution; it was to be brief, easy to understand, and non-partisan, and it would provide the policies and structures for the future state of Alaska. He mentioned his collaboration and partnership with Jack Coghill, despite political differences.

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MR. FISCHER expressed that the constitution is composed of concise, short, declarative statements of policy, process, and organization. He stated that the proposed amendments under HJR 5, HJR 6, and HJR 7 are atrociously written. For the original constitution, the Committee on Drafting and Style set the rules for how to write a constitution. The language in the proposed amendments is based in legislative drafting. He relayed his extensive experience in state government over the years and offered that "there is a time and place for everything." He maintained that the language in the proposed amendments does not belong in a constitution.

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MR. FISCHER referred to HJR 5, which proposes a limitation on taxes by amending Section 1 of Article IX [of the constitution] - Finance and Taxation. He cited Section 1, which read in part, "The power of taxation shall never be surrendered." It is a solid policy statement; the proposed amendment would undermine the stated policy. He maintained that restrictions should not be put into the constitution based on "somebody's thinking today; it may be totally inappropriate 20 or 50 years hence." He said that the proposed amendments would shackle the legislature and impose the will and values of today on future generations. He continued by saying that the constitution has been in effect for 60 years and it works. He offered that there have been amendments to the constitution - some of them atrociously written - because there has been no process of style and drafting in consideration of policies versus legislation. He declared that HJR 7 is an insult to constitutional style drafting; "it just goes on and on and on with detailed legislative matter that may be totally inappropriate seven years from now, to say nothing of seventy years from now."

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MR. FISCHER referred to Gordon Harrison's publication, entitled "Alaska's Constitution A Citizen's Guide." He suggested the House State Affairs Standing Committee invite Mr. Harrison to respond to the issues currently being discussed in the committee meeting.

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GORDON HARRISON opined that the proposed spending limit under HJR 7 is particularly unwise, because the state has no idea what is in the future for Alaska. He mentioned an oil field in Texas - the largest in the U.S. - which had declined to the point it almost had been abandoned. Within the last few years it has revived and is now the largest oil field in the world. He declared, "Nobody foresaw that." He maintained that nobody can foresee the wild price swings in oil; the future is unpredictable. He offered that a spending limit, as proposed by HJR 7, is very unwise. He added that the spending limit already in law has not been effective. That spending limit was adopted at a time when spending was at record highs. Currently spending - by historic levels - is low. He concluded that a spending limit now would be overstated.

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REPRESENTATIVE HOPKINS referred to constitutional changes in the past and asked for circumstances under which the legislature should propose amendments to the constitution.

MR. FISCHER responded that the question to be answered is, Is it necessary to put something in the constitution? He gave an example: Article 8 is titled "Natural Resources." In 1955-56, there was no idea that Alaska would have "big" oil. Article 8 is the basis for the wealth of Alaska; it implemented policy directives with specific requirements; and one of the directives required public notice. He cited a lawsuit against the Department of Natural Resources (DNR) for issuing hundreds of permits for water rights and drill sites without public notice; each site was a separate issue; the case went to the Alaska Supreme Court [Moore v. State, 1976]. He quoted from the decision, which read in part, "No disposals or leases of state lands, or interests therein, shall be made without prior notice and other safeguards ...." He maintained that a short simple phrase or sentence represents constitutional law; otherwise the legislature will become involved in minutia, and future legislators will have to "clean up the mess." He stated that it is the legislature's responsibility to decide what constitutional amendments should go before the people for a vote; the constitution requires two-thirds vote of the membership of each house to do so. He asserted that it is not the governor's responsibility or the Alaska Supreme Court's responsibility to decide what goes before the people for a vote. He said, "Think of it in terms of not just one election or two elections; think of it that this is for your children, your grandchildren, and their grandchildren.

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CO-CHAIR FIELDS referred to committee discussion of HJR 5 - the proposed constitutional amendment on taxation - which would deprive Alaskans of the authority to pass initiatives by requiring legislative approval of taxation passed by initiative. He asked for comment on the constitutional delegates' thinking on retaining the ability of the people to institute taxes through the initiative process.

MR. HARRISON replied that the delegates were ambivalent about the initiative process. On the one hand, they granted the power [to the people]; however, on the other hand, they trusted the legislature to do the right thing in the long run. He said that they gave the legislature the authority to repeal an initiative in two years.

MR. FISCHER asserted that the constitutional amendment under HJR 5, which would require approval by the legislature for an initiative to be enacted, would be unconstitutional. He stated that the initiative is the exercise of legislative power by the people.

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REPRESENTATIVE STORY asked Mr. Fischer to comment on two issues. The first is that many people feel that currently the state is overspending, hence the proposed constitutional amendment under HJR 7. The second is that the constitutional convention gave great power to the governor for vetoing the work of the legislature.

MR. FISCHER relayed that he was in the legislature in 1982 when the statutory formula for the permanent fund dividend (PFD) was adopted into law. He reiterated that to reference statute in the constitution, as proposed under HJR 6, is preposterous. He maintained that it is the responsibility of the legislature to abide by the constitution and its own laws; the legislature is not responsible for what happened four, three, or two years ago ignoring state laws. He said, "Don't make it worse by putting details like that into the constitution, because in one way or another, it's not going to work." He mentioned that if the state had these [proposed] amendments in the constitution during the construction of the Trans-Alaska Pipeline, state government would have been incapable of responding to the constant changes.

MR. FISCHER offered that behind the proposals is a strategy of reducing the wealth of the people of Alaska; applied into the future, they would impoverish Alaska; it would be a downhill spiral. He said that the prohibition of a change in tax structure without a vote of the people - tax structures that were not created by a vote of the people but by the legislature - would freeze today's structure for the future.

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MR. FISCHER relayed that Bob Bartlett played a larger role than anyone else in securing statehood for Alaska. Mr. Fischer read from his book, Alaska's Constitutional Convention, which quotes Bob Bartlett in his keynote address to the convention as follows [original punctuation provided]:

This moment will be a critical one in Alaska's future history. Development must not be confused with exploitation at this time. The financial welfare of the future state and the well-being of its present and unborn citizens depend upon the wise administration and oversight of these developmental activities. Two very real dangers are present. The first, and most obvious, danger is that of exploitation under the thin disguise of development. The taking of Alaska's mineral resources without leaving some reasonable return for the support of Alaska governmental services and the use of all the people in Alaska will mean a betrayal in the administration of the people's wealth. The second danger is that outside interests, determined to stifle any development in Alaska which might compete with their activities elsewhere, will attempt to acquire great areas of Alaska's public lands in order NOT to develop them until such time as, in the omnipotence and the pursuance of their own interests, they see fit.

MR. FISCHER relayed that a good example of the second concern is as follows: Point Thomson oil and gas field was discovered near the Arctic National Wildlife Refuge (ANWR), and ExxonMobil Corporation (Exxon) "sat on" the resource for 30 years because it had interests elsewhere. Governor Frank Murkowski threatened to cancel the leases unless it developed the resource.

MR. FISCHER gave an example of the first caution that Mr. Bartlett gave to the convention: Senate Bill 21 [passed during the Twenty-Eighth Alaska State Legislature, 2013-2014, signed

into law 5/21/13] reduced the state's revenue from oil extracted from the state's resources. "Every day, every week, every month, every year that people of Alaska are not getting a fair share of the oil [wealth] ...." He quoted former Governor Wally Hickel, who said, "It's our oil." Alaska should get a proper return. He maintained that if the constitutional amendment [under HJR 5] - relating to changes in taxes - is approved, it would freeze the existing tax structure and not allow future legislatures future actions. The barrier to change it would be huge; and therefore, the people of Alaska may not get their fair share of the resource taken.

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CO-CHAIR KREISS-TOMKINS mentioned that Alaska's constitution provides a [veto] override threshold for budget bills and appropriation bills of three-quarters [vote] and an override threshold for non-appropriation bills of two-thirds. He said that most other states have a uniform override threshold regardless of the bills being policy or appropriations. He asked what the thinking was of the framers of the constitution in providing a different and higher threshold for overriding line item vetoes on appropriation bills versus non-appropriation bills.

MR. FISCHER said that he does not know. He said that the quotation from the chairman of the Alaska Constitutional Convention Committee on the Executive Branch was that the delegates are putting together a constitution that includes a strong executive. The fiscal structure of the state dictates that appropriations and the budget are the legislature's responsibility; a strong governor has strong veto power. Mr. Fischer stated that he does not recall the issue being discussed on the floor of the constitutional convention and he didn't notice the distinction. He said that the convention wanted each branch of state government to be as strong and independent as possible - as effective as possible. He mentioned the proposed constitutional amendment [under SJR 3, relating to the membership of the Alaska Judicial Council] that would change the membership of the judicial council. He stated that the membership of the judicial council was designed in a very deliberate process to be a non-partisan, non-political, merit-based selection of judges and justices. The proposal to subject the attorney appointees to the legislative approval process would politicize the future judiciary of the State of Alaska. He maintained that the design of the judicial council was intentional, and he reiterated that the emphasis was on a strong

legislature, a strong executive, and a strong judiciary. As a territory, Alaskans had no authority over themselves or the territory.

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CO-CHAIR KREISS-TOMKINS asked for Mr. Fischer's advice for drafting a proposed constitutional amendment. He asked whether there have been amendments successfully incorporated into the constitution that are good examples of that style of drafting.

MR. FISCHER replied that a process is needed along with a committee of reviewers. He offered that Gordon Harrison, who has studied the constitution, written about it, and worked for the legislature, knows the internal and external processes and could write [a constitutional amendment]. He emphasized that it is the responsibility of the legislature to put the amendment before the people - not the governor's responsibility. He said that in 2022, Alaskans will vote on the question, Shall there being a constitutional convention? In 1979, the legislature established a joint committee to prepare for the question in 1982; it sponsored research to provided information [to the voters]. He maintained that it would take work to provide the pros and cons and a decent foundation [for voters to make that decision].

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CO-CHAIR FIELDS expressed his appreciation for Mr. Fischer's testimony and perspective.

[HJR 5, HJR 6, and HJR 7 were held over.]

[4:06:18 PM](#)

The committee took an at-ease from 4:06 p.m. to 4:20 p.m.

**HB 139-AK PERM. FUND CORP. PROCUREMENT EXEMPTION**

[4:20:14 PM](#)

CO-CHAIR KREISS-TOMKINS announced that the next order of business would be HOUSE BILL NO. 139, "An Act providing an exemption from the state procurement code for the acquisition of investment-related services for assets managed by the Board of Trustees of the Alaska Permanent Fund Corporation."

CO-CHAIR KREISS-TOMKINS opened public testimony on HB 139. After ascertaining that no one wished to testify, he closed public testimony.

REPRESENTATIVE STORY expressed her support for HB 139.

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REPRESENTATIVE HOPKINS moved to report HB 139 out of committee with individual recommendations and the accompanying zero fiscal note. There being no objection, HB 139 was reported from the House State Affairs Standing Committee.

**PRESENTATION(S): Permanent Fund 101**

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CO-CHAIR KREISS-TOMKINS announced that the final order of business would be a presentation by Angela Rodell, Chief Executive Officer, Alaska Permanent Fund Corp.

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The committee took an at-ease at 4:22 p.m.

[4:22:44 PM](#)

ANGELA RODELL, Chief Executive Officer, Alaska Permanent Fund Corporation (APFC), began the presentation on "Permanent Fund 101" with slide 2, entitled "1969 The Debate Begins." She stated that 1969 was the year that Alaska received \$900 million in Prudhoe lease sale bonuses. At that time - which was ten years after statehood - the state's budget was only \$173 million. It was a time when the state had tremendous infrastructure needs; and it had figured out how to tap into a very important resource for those needs.

MS. RODELL continued with slide 3, entitled "The Alaska Permanent Fund," and reviewed the timeline of events, which read as follows:

1976 Alaska voters approve a Constitutional Amendment establishing the Permanent Fund.

1977 Permanent Fund receives its first deposit of constitutionally dedicated oil revenues; \$734,000.

1980 The Alaska Permanent Fund Corporation is established to manage and invest the Fund.

2019 The Fund now has over \$64 billion in assets under management.

MS. RODELL turned to slide 3, entitled "The Alaska Constitution," and noted the simplicity and brevity of the language in the constitutional amendment that created the Alaska Permanent Fund. It was passed by a vote of 75,588 to 38,518. The amendment read as follows:

Alaska Constitution Article IX, Section 15  
Section 15. Alaska Permanent Fund

At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the state shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.

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MS. RODELL moved to slide 4, entitled "APFC's Mission & Vision," and offered that the mission of APFC was put into statute in 1980, the year of inception. She reviewed the slide, which read as follows:

APFC's Mission

To manage and invest the assets of the permanent fund and other funds designated by law.

APFC's Vision

To deliver sustained, compelling investment returns as the United States' leading sovereign endowment manager, benefitting all current and future generations of Alaskans.

- Reflects statutory language and intent as well as Board and staff aspirations.
- Emphasizes maximizing returns in a fully sustainable manner.
- Underscores the intention for the Fund to be a perpetual resource for the State of Alaska.
- Embodies core values of Integrity, Stewardship, and Passion.

MS. RODELL referred to slide 5, entitled "Board of Trustees," which read as follows:

As the fiduciaries, the Trustees have a duty to Alaskans in assuring that the Permanent Fund is managed and invested in a manner consistent with legislative findings: AS 37.13.020.

- The Fund should provide a means of conserving a portion of the state's revenue from mineral resources to benefit all generations of Alaskans.
- The Fund's goal should be to maintain safety of principal while maximizing total return.
- The Fund should be used as a savings device managed to allow the maximum use of disposable income from the Fund for the purposes designated by law.

MS. RODELL added that there is no mention of investing to a specific liability, to a specific dividend amount, or to a specific purpose.

MS. RODELL introduced the next topic on slide 7, entitled "The Fund," and explained that the [permanent] fund is comprised of two accounts of money. She moved on to slide 8, entitled "Principal," to discuss the first account. The slide read as follows:

- The Principal is constitutionally established and permanently protected; it can only be used for income-producing investments.
- The Principal is built through royalty deposits, inflation proofing, and other special appropriations.

MS. RODELL identified the contributions to the principal over the years: \$16.9 billion came from the constitutional deposits [from mineral reserves]; \$16.2 billion was transferred from the earnings reserve account (ERA) for inflation proofing; and special appropriations from ERA and the general fund (GF) contributed a total of \$7.1 billion.

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MS. RODELL relayed the information on slide 9, entitled "Contributions to Principal," which read as follows:

Royalty Deposits - AS 37.13.010(a)(1) and (a)(2)

- The constitutionally minimum required 25% of royalty proceeds.
- The statutorily mandated deposits of 50% for leases after 1979.

Inflation Proofing - AS 37.13.145(c)

- The inflation proofing projection is based upon estimates for deposits into the Principal of the Fund and the projected inflation rate as calculated per statute.

MS. RODELL clarified, "It's is a one-year calendar year inflation assumption against what the expectation of the principal balance being at the end of the year."

CO-CHAIR KREISS-TOMKINS referred to the special appropriations mentioned on slide 8 and mentioned that currently the legislature is considering special appropriations. He asked, "Do you have familiarity with past special appropriations from the ERA to the principal of the permanent fund, and what motivated those transfers from previous legislatures?"

MS. RODELL responded that approximately \$4.2 billion of the \$7.1 billion was from the ERA; the balance of \$2.9 billion came from GF. She offered that she did not know the motivation behind those appropriations but suggested that there was a [legislative] practice of "sweeping" the balance of the earnings back into the corpus of the fund rather than leaving it behind in the ERA - once the permanent fund dividends (PFDs) had been dispersed.

CO-CHAIR KREISS-TOMKINS asked what the legislature did to take precautions in the event of a poorly performing market, if the ERA was not replenished with new earnings.

MS. RODELL suggested the possibility that the legislature had not considered that scenario; however, she stated that she could not speak to the reasoning behind historical legislative actions. She expressed her belief that when the fund was viewed as just earnings to be used for the dividend, there was no expectation of a balance or concern for money for [future] dividends.

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MS. RODELL referred to the chart in slide 9 to point out the effects of the decline in royalty deposits due to the declining price of oil and production: in 2016, 2017, and 2018, the royalty appropriation in excess of 25 percent was rolled back to the mandated 25 percent; and the inflation transfer did not occur. She continued with slide 9, under "Inflation Proofing" which read as follows:

- The Legislature appropriated FY19 inflation proofing estimated to be \$942 million on June 30th, 2019.
- The FY20 inflation proofing amount is estimated to be \$943 million, the actual amount will be calculated at the end of the fiscal year. \$1.4 billion for FY16-FY18 remains unappropriated.

MS. RODELL turned to slide 10, entitled "Statutory Net Income AS 37.13.140," and explained that statutory net income describes the mechanism by which money is moved from the principal to the ERA. She reminded the committee that the constitutional language only dictates that all income from the permanent fund shall be deposited into GF. In 1997, the generally accepted accounting principles were changed to include the concept of unrealized gains and losses in the definition of income. It is at that time that the legislature adopted the definition of statutory net income to recognize the difficulty of spending unrealized gains and losses; the gains and losses are "on paper" and not "cash in the bank." The definition allows APFC to calculate income in terms of net gains and losses, which then become statutory net income. She stated that these funds move into the ERA and are subject to appropriation by a simple majority vote.

MS. RODELL referred to the chart on slide 10 to point out that the statutory net income has fluctuated over the years [2013-2018]. Statutory net income - gain or loss - is a result of investment activity only: receipt of interest coupons on bonds; rental income on real estate investments; the sale of an asset that has achieved its maximum value in order to reinvest the money. She said that in 2018, there was an extraordinary sale of a real estate asset that generated an all-time high statutory net income of \$6.3 billion. She added that APFC has not sold assets to deliver a certain outcome, such as a dividend.

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CO-CHAIR KREISS-TOMKINS asked for an explanation of the difference between realized gains and unrealized gains.

MS. RODELL answered that unrealized gains and losses reflect a change in market value.

REPRESENTATIVE HOPKINS added his understanding that net realized gains reflect assets sold off, which are moved into the ERA; the unrealized gains stay in the corpus.

MS. RODELL explained that each investment is bought with funds from the ERA and the principal on a pro rata basis depending on the value of each account; the unrealized gain is used to reimburse the ERA and the principal proportionally for the amounts that each contributed to the cost of the investment; the net gain is added to the ERA. She maintained that this demonstrates the importance of inflation proofing - the principal does not benefit from its investment activity.

REPRESENTATIVE HOPKINS asked why the gains are not realized proportionally as well.

MS. RODELL answered that the constitutional language is very clear that all income shall go to the general fund.

MS. RODELL moved on to slide 11, entitled "Assets Under Management in billions," which demonstrates the change in assets under management over the past five years nine months. The principal has stayed relatively stable - at about \$46 billion - over the period despite the smaller deposits of royalty and lack of inflation proofing in 2016, 2017, and 2018. She said that the principal includes unrealized gains. The ERA has grown over the same period from \$6.2 billion in fiscal year 2014 (FY 14) to \$18.4 billion as of the first nine months of FY 19.

CO-CHAIR KREISS-TOMKINS asked whether the variation in the size of the principal is singularly attributed to variation in unrealized gains.

MS. RODELL responded yes.

[4:39:11 PM](#)

MS. RODELL referred to slide 12, entitled "Values," to compare the FY 18 values of the two funds - the principal and the ERA -

with those as of the first nine months of FY 19. Alaska collected \$300 million in royalties over the nine-month period; the principal increased from \$40.2 billion to \$40.5 billion; and the associated unrealized gain was \$5.6 billion. At the end of FY 18, there was \$13.7 billion of realized earnings in the ERA; the associated unrealized gain was \$2.4 billion; and the percent of market value (POMV) draw to fund FY 19 activities was \$2.7 billion. She pointed out that as of March 31, 2019, the ERA had \$16.1 billion in realized earnings plus \$2.3 billion in unrealized gains. Out of the \$16.1 billion, APFC is already setting aside \$2.9 billion for the FY 20 POMV draw, leaving behind approximately \$13.2 billion.

MS. RODELL turned to slide 13, entitled "Use of Fund Earnings from ERA Since Inception," and said that the slide illustrates converting a non-renewable resource, such as natural resource development, into a renewable resource for the benefit of Alaskans in a multitude of ways. Out of the ERA, since its inception 42 years ago, APFC has paid \$27.8 billion in dividend transfers, GF appropriations, and Alaska capital income transfers. She reminded the committee that only \$16 billion in royalties have come into the fund to generate this activity. Transfers from the ERA to the principal - the \$4 billion in ERA special appropriations and inflation proofing - has totaled an additional \$20.6 billion. She concluded that from the \$16 billion in royalties that was saved, APFC has generated \$48.4 billion in activity between savings and economic activity in the distribution throughout the state. In addition, there are unspent realized earnings in the ERA of \$13.7 billion.

CO-CHAIR FIELDS asked for the best way to articulate the tradeoff that exists regarding draining the ERA to pay for a dividend today versus the future value of the funds.

MS. RODELL responded that it is important to distinguish between a transfer to the principal versus a payment; the recognition is that money in the principal will continue to generate the same return that the principal is generating today. She stated, "That income flow of ... a little over \$2 billion is still going to happen. It just doesn't happen and compound the ERA."

CO-CHAIR FIELDS clarified his question: "What's the opportunity cost of taking close to \$2 billion out of the ERA and dispersing it versus leaving it in the permanent fund, such as in the principal, where it can earn returns?" He said that he would like his daughter to receive healthy PFDs long into the future.

MS. RODELL replied that it is similar to saving for a child's college education versus buying school supplies: both are very important; the school supplies are important for today but they only last one school year; the college education is something the child will use throughout his/her career and into adulthood. She maintained that as Alaskans contemplate the tradeoff, they need to recognize what is important today, but also what is important for their children in the future.

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CO-CHAIR KREISS-TOMKINS mentioned the many discussions among legislators as to the appropriate amount to hold in the ERA. He asked Ms. Rodell to speak to the considerations that she recommends the legislature keep in mind when deciding the right amount of funds to keep in the ERA.

MS. RODELL opined that intergenerational equality must be considered; it speaks to the permanent fund belonging to all the people of Alaska. She said that the challenge for legislators is to determine how to "think through that." She maintained that the state has a very important role in people's lives in Alaska; Alaskans rely on the state for many services; they rely on the state for quality education, public safety, clean water, roads, and much more. She asserted that the decision regarding how much to spend for the benefit of every Alaskan currently alive versus those yet to come is a difficult one.

CO-CHAIR KREISS-TOMKINS asked, "Why have an ERA? ... What would be lost if the ERA were merged into the principal?"

MS. RODELL referred to the constitutional language and said that there must be an accounting for the income and a receptacle. The GF is the receptacle. She stated that the constitutional language creating the ERA could be repealed; there could be a monthly settlement with annual transfers of income to GF; and this was the procedure in the early years of the fund. She said that in terms of what would be lost, the ERA would not be invested in the same way as the principal; that vehicle for investment would not be available. The challenge for the APFC Board of Trustees would be asset allocation of the principal and coping with big market losses. Because the principal can't be spent, money would not be transferred to GF during a time of considerable losses; APFC would need to wait until the market recovered. She said that in the years after 2009, the permanent fund was able to rebuild from the losses incurred in 2007 and 2008.

REPRESENTATIVE STORY asked for a recommendation of the "cushion" that would be advisable for the ERA.

MS. RODELL stated that APFC does not have a recommendation on the amount that should remain in the ERA.

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MS. RODELL stated that the information on slide 14, entitled "Uses of Corporate Activity," ties what APFC does to what Alaskans depend on it to do. She relayed the information, which read as follows [original punctuation provided]:

- The ERA is established in Alaska Statutes as an account to hold the realized earnings from the Permanent Fund's investment portfolio, and is subject to legislative appropriation.
- SB 26, CH 16 SLA 18 established a POMV rules based structure for Fund withdrawals - a percentage of the average market value of the Fund for the first five of the preceding six fiscal years.
- Inflation Proofing AS 37.13.145 (c) protects the future value of the Principal by transferring a portion of the earnings to the Principal to maintain the long term sustainability of the Fund.
- APFC's operations and investment management of the Fund's assets are supported by the ERA.
- Agencies working on the collection of royalties also receive appropriations from the ERA.

MS. RODELL referred to the chart on slide 14 to relay the following information: In FY 19, APFC activities and investment decisions generated \$2.7 billion as POMV; it generated \$942 million for inflation proofing, which was moved from the ERA to the principal; the APFC operations budget was \$18 million; investment fees were slightly over \$150 million; APFC funded \$2.6 million to the Department of Law (DOL) and \$6 million to the Department of Natural Resources (DNR) for collecting royalties; and \$94.5 thousand was paid to the Department of Revenue (DOR). MS. RODELL pointed out the FY 20 approved House operating budget appropriations on the chart.

MS. RODELL turned to slide 15, entitled "POMV - SB 26, CH 16 SLA 18," which read as follows:

Percent of Market Value:

Draw of the average market value of the Fund for the first five of the preceding six fiscal years, subject to annual appropriation by the Legislature.

- 5.25% - Effective July 1, 2018 (FY19)
  - FY19 5.25% POMV = \$2.7 billion
  - FY20 5.25% POMV = \$2.9 billion
  - FY21 5.25% POMV = \$3.1 billion estimate
- 5.0% - Effective July 1, 2021 (FY22)

MS. RODELL added that there is a one-year lag in the calculation of POMV, which allows both APFC and the legislature to plan: the legislature knows the amount of revenue available for budgeting; and APFC can plan investment strategies around liquidating money when needed.

CO-CHAIR FIELDS asked Ms. Rodell to explain how a draw in excess of the POMV will reduce the value of PFDs over time; in other words the question is, Why does taking more money out of the ERA and permanent fund today reduce the amount of money that is paid out in PFDs in future years?

MS. RODELL explained that when money is taken out, there is less money to invest, therefore, less opportunity for the money to generate earnings. She said that the possibility is that over time, as the permanent fund is spent down, there is less invested and insufficient earnings to pay dividends.

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CO-CHAIR KREISS-TOMKINS asked whether without the one-year lag, the POMV would be calculated using the average of the preceding six fiscal years instead of the first five of the preceding six fiscal years.

MS. RODELL answered that according to current statutes, earnings are calculated based on five years ending June 30; the fifth year's balance on the market value would not be known until June 30, 2019. She maintained that without the lag, there would be volatility and uncertainty in the draw from the fund.

CO-CHAIR KREISS-TOMKINS mentioned the budget passed by the Senate with a \$1.2 billion deficit; drawing on the ERA is a possible source of money to balance the budget. He asked

whether drawing on the ERA would go against the POMV structure that the legislature has established.

MS. RODELL stated that Senate Bill 26 [passed during the Thirtieth Alaska State Legislature, 2017-2018, and signed into law 6/27/18], established rules for APFC such that anything in excess of a 5.25 percent POMV draw - in excess of the \$2.9 billion - would go against the agreement made through the passage of Senate Bill 26.

CO-CHAIR KREISS-TOMKINS asked what effect it would have on APFC's approach to managing assets, if the legislature does break the POMV structure by taking more money than it should out of the permanent fund.

MS. RODELL replied that if APFC were faced with investing to an unknown liability, it would have to take a more conservative investment allocation. She explained that APFC is focused on a long-term view: "it's not about what's available on July 1st, it's about making sure that there is a resource there for a very long period of time - in perpetuity; it's why it's called the permanent fund." She stated further that to create permanence for future generations and with uncertainty in the draws, APFC must consider separate allocations. She said that the ERA does not have its own strategy or investment mandate; it is an account collecting income. She encouraged the legislature to give direction to the board of trustees, if it wants to go against Senate Bill 26. The mandate of the trustees is to invest all the funds for the permanent benefit of Alaskans; it is difficult to plan for unstructured draws and balance the long-term illiquid investment strategy with the shorter-term highly liquid more conservative strategy.

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CO-CHAIR KREISS-TOMKINS asked for confirmation that if the legislature takes more than the 5.25 percent under the POMV structure, it would create uncertainty for APFC in managing the permanent fund assets and result in less earnings due to a more conservative approach in investment favoring liquid assets.

MS. RODELL responded, "That is an accurate summary."

REPRESENTATIVE LEBON asked for comment on quarterly payouts of PFDs instead of annual payouts. He said that public comment has informed him that the PFD is used to purchase the necessities of life.

MS. RODELL answered that the question of the operational effect of quarterly payouts is better directed to the Permanent Fund Dividend Division and DOR. She maintained that quarterly payouts would not have any effect on APFC from a cash and investment management perspective.

CO-CHAIR KREISS-TOMKINS mentioned that there are difficulties with quarterly payments for the division.

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REPRESENTATIVE STORY asked for confirmation that in addition to using more conservative investment strategies, an unstructured draw would reduce the fund due to less money generating interest.

MS. RODELL answered, "That is correct."

REPRESENTATIVE STORY asked the amount of investment money lost for every \$1 billion taken out of the fund.

MS. RODELL replied that pulling \$1 billion out of the fund, not only loses the percent return on that \$1 billion, but the compounded interest generated by reinvested earnings.

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REPRESENTATIVE HANNAN stated that when the legislature previously discussed Senate Bill 26, creating the POMV draw at 5.25 percent for the first three fiscal years, it was in conjunction with having an additional revenue stream for state operations through a progressive income tax - to be fully implemented [in FY 22], when the POMV dropped to a 5 percent draw. She offered that it is now the second fiscal year of the 5.25 percent POMV draw, and the legislature has not discussed additional revenue streams. She asked how long a 5 percent draw could be sustained before APFC became concerned.

MS. RODELL answered that due to the variables of state spending, she cannot offer an opinion. She relayed that the board has endorsed a 5 percent POMV draw since 2003; it is comfortable with that level draw.

CO-CHAIR KREISS-TOMKINS clarified that the income tax failed the Senate in 2017; therefore, Senate Bill 26 was passed without any immediate promise of [additional] revenue.

MS. RODELL moved on to the topic on slide 16, entitled "Investment of the Fund." She reviewed the bullets on slide 17, entitled "Allocation Structure," which read as follows:

- The asset allocation structure is organized by growth and income strategies, as well as liquidity objectives.
- This strategic categorization provides a framework for ensuring that investment return targets are commensurate with the risks undertaken.

MS. RODELL stated that "growth" strategies are comprised of the following: tradeable highly liquid public equities - or stocks; and illiquid investments - private equity, absolute return or hedge funds, and allocation strategies - which are risk mitigation strategies for liquidity or foreign exchange needs. She discussed "income" strategies as follows: tradeable liquid fixed income plus - or bonds - and cash; and illiquid assets - direct real estate and infrastructure investments. These are assets that it would take considerable time to sell.

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MS. RODELL referred to slide 18, entitled "Diversified Assets and Returns," and emphasized the importance of a diversified portfolio to mitigate risk. Prior to 2005, there was a statutory list of permitted investments; in 2005, the statute was repealed, and the Prudent Investor Rule was instituted. Currently the portfolio is distributed across many different asset classes; in recent years, risk has declined as returns have increased.

MS. RODELL reviewed the performance of the asset classes since FY 16, as shown on the chart on slide 18: private equity and special opportunities - APFC's largest growth generator; public equities - reflecting 11 years of a "bull" market; total fund returns; infrastructure and income opportunities; absolute return; real estate; asset allocation; and fixed income plus.

CO-CHAIR KREISS-TOMKINS asked whether the private equity and special opportunities asset would be most affected under a POMV overdraw.

MS. responded yes, the value of private equity comes from being able to make a 7-15-year commitment; without being able to make

those long-term commitments, money would need to be moved to more liquid asset classes with lower levels of return.

CO-CHAIR KREISS-TOMKINS commented that if the legislature creates uncertainty by overspending, the permanent fund would earn less money.

MS. RODELL responded that the board of trustees would need to take that into serious consideration.

REPRESENTATIVE HOPKINS referred to slide 17 and asked for the difference between growth and income.

MS. RODELL explained that growth assets are ones that change in underlying value and the value increases as a result of scalability. She gave the example of an investment in a business: the business increases in value; the valuation of the business is marked up based on its ability to increase distribution and increase its business propositions. Income is money generated each month - such as with real estate; the underlying value of the asset is not increasing due to changes in the business plan of the underlying asset.

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MS. RODELL turned to slide 19, entitled "Where We Invest," to demonstrate investments around the world. The APFC invests globally, not just in the U.S., by looking at the effects of global economic activity. She stated that the median age in Africa is 19; the median age in India is 29; the median age in the U.S. is 38. Growth comes from large populations of young workers coming into the economy; it is important to look for investment opportunities outside the U.S. where growth will occur. The return on those investments comes back to Alaska to benefit the state.

REPRESENTATIVE HOPKINS asked about the APFC investing in Alaska and whether there are limits on that.

MS. RODELL relayed that the statutes specify that the APFC can only invest in Alaska for financial commercial reasons; and the investments must generate returns as good as or better than investments outside of Alaska. She said that there is a limit to the opportunities in Alaska for investment. The board of trustees believes it is important to find and encourage investment in Alaska. In September 2018, APFC set aside \$200 million for an emerging manager program to fund and seed

investment managers to look for companies in which to invest; the program created a one-step removal from APFC to provide a clean non-political review process associated with the investments. The board also targeted an aspirational goal of 5 percent of the overall fund invested either in Alaska or in Alaska-based businesses, even if the investment was outside of Alaska.

REPRESENTATIVE HOPKINS asked whether the 5 percent goal has been achieved.

MS. RODELL responded that about 2 percent of the fund is invested in managers in Anchorage - McKinley Capital Management and Alaska Permanent Capital Management - and APFC owns real estate in Juneau. She stated that the 2 percent does not include any money managed directly by APFC staff. She added that including the fixed income portfolio managed internally would bring the percentage of the fund that is being managed in Alaska up to 25 percent.

REPRESENTATIVE HOPKINS clarified that Ms. Rodell is referring to money managed in Alaska - for the 5 percent goal - not money invested in Alaska.

MS. RODELL answered, "That is correct." She added that it can include money invested in Alaska.

REPRESENTATIVE HOPKINS asked whether the consideration of limiting funds invested in Alaska to spark its economy is because it would not provide a buffer in the event the state's economy suffered.

MS. RODELL agreed. She reiterated the importance of geographic diversification for investment.

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REPRESENTATIVE LEBON asked Ms. Rodell to describe a typical investment in Alaska.

MS. RODELL responded that investment in Alaska could mean investment in an Alaska business, investment in equity, or investment in private debt. She explained that there is a layer of debt that is too big or risky for banks, but not big enough to access the corporate bond market. She said there is opportunity to invest in that private debt market. She maintained that the challenge in Alaska is that investments are

small, and because investments are labor intensive, the amount of work is the same no matter the amount of money invested. She asserted that given its limited resources, APFC must focus on "generating the biggest bang for the buck," which would favor the \$50 million investment outside of Alaska over the \$500,000 investment in Alaska.

REPRESENTATIVE LEBON offered that the lending capacity of the Alaska banking community, the Alaska Industrial Development Authority (AIDEA), and the Alaska Housing Finance Corporation (AHFC) is robust in meeting the needs of the state.

MS. RODELL agreed.

REPRESENTATIVE VANCE mentioned that nothing stimulates the Alaska economy like distribution of the PFD; therefore, direct investment in Alaska is unnecessary when dividends are distributed to Alaskans.

[5:20:01 PM](#)

MS. RODELL continued with slide 20, entitled "Management of the Fund," which read as follows:

The Board of Trustees continue to work towards an optimal mix of in-house versus external management capabilities based on resources and opportunities.

In-House Management Allows for:

- Alignment of investment goals and mandates
- Increased flexibility in timing/tactical decisions
- Lower fees with investment benefit of active management

MS. RODELL said that since FY 16, APFC has been able to increase internal management from 34 percent to 40 percent; funds were appropriated by the legislature for a total of 14 more positions.

CO-CHAIR KREISS-TOMKINS referred to the table on slide 14, which specifies \$18 million appropriated for APFC operations [in FY 19] and \$150 million appropriated for APFC investment management fees. He said that regarding the 60-40 split for FY 18 shown on slide 20, \$18 million is used to manage 40 percent of assets internally and \$150 million is used to manage 60 percent of

assets externally. He asked for comment on the efficiencies of in-house management versus external management.

MS. RODELL clarified that although APFC may have the internal resources to make investment decisions, it does not have the resources to do the ongoing due diligence day-to-day. As an example, for real estate, APFC uses property managers and investment managers to monitor the investments daily. She said that APFC has managed its fixed income portfolio since inception; the portfolio represents 22 percent of the allocation and is the responsibility of five individuals. If those five individuals were replaced by external managers, there would be an immediate increase of \$15 million to the investment fee budget. She offered that because the fund is growing, fees will grow; however, they have been relatively stable on a percentage basis.

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MS. RODELL turned to slide 21, entitled "Awards & Accomplishments," and noted that all APFC employees are in Juneau. She reviewed the awards and accomplishments, which read as follows:

- Marcus Frampton, CIO, named one of Private Equity International's 40 under 40 Future Leaders of Private Equity
- Jared Brimberry, Senior Portfolio Manager was selected as one of Private Debt Investor's (PDI) Rising Stars 2019
- Selected as North American Limited Partner of the Year for 2018 by Private Equity International
- APFC received dual nominations for 2018 Partnership of the Year for Institutional Investor's Allocators' Choice Awards and won the award for our Capital Constellation Partnership:
  - Private Market Partnership, Capital Constellation - won
  - Public Market Partnership, Middle East Africa South Asia (MEASA) Fund with McKinley Capital - nominated

- PEI's Private Debt Magazine recognized APFC in their inaugural 30 Most Influential Investors in Private Credit
- Recognized as North American Private Equity Institutional Limited Partner Investor of the Year for 2017 by Private Equity International
- Awarded Institutional Investor's Sovereign Wealth Fund of the Year in Hedge Fund Investments in 2017

MS. RODELL maintained that the awards and accomplishments are important for generating excitement around the permanent fund and attracting business; they demonstrate that APFC is good at what it does and is the partner of choice for many people. In addition, APFC can be selective in investment choices and ultimately generate better returns.

MS. RODELL moved on to slide 22, entitled "Fund Value and Returns," to point out the growth of the fund over time despite unstable market returns. She mentioned that the graph demonstrates that APFC is invested for the long-haul; it must withstand some very volatile conditions; but the overall trajectory is positive. Since 2005, when APFC could diversify the portfolio into a many different asset classes, the growth of the fund greatly accelerated.

MS. RODELL referred to slide 23, entitled "Fiscal Year 2018 Performance as of June 30th, 2018," to focus on the 5-year performance of the fund, which returned 8.91 percent. She compared that percentage to the "Passive Index Benchmark" of 6.81 percent, which is the rate of return if the fund was invested in index funds - 60 percent stock, 20 percent bonds, 10 percent real estate (RE), and 10 percent treasury inflation-proofed securities (TIPS). She maintained that the statistics show that there is value in having active management of the fund. She said that the "Performance Benchmark" is the benchmark against which the managers are measured for their respective asset classes. The benchmark was 7.55 percent, which indicates that the actions made by APFC staff generated an additional 1.4 percent in value for the 5-year period; and 1 percent of \$65 billion is approximately \$60 million. She stated that the "Total Fund Return Objective" is the Consumer Price Index (CPI) plus 5 percent - that is, keeping pace with inflation and earning a steady growth of 5 percent. Over the 5-

year period that rate was 6.54 percent; the APFC performance exceeded that rate as well.

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MS. RODELL moved on to slide 24, entitled "Value Generated," and relayed the following information:

|                               |                  |
|-------------------------------|------------------|
| FY 18                         |                  |
| Revenues                      | \$ 5,671,500,000 |
| Operating/Investment Expenses | \$ 138,800,000   |

Value Generated Per Day (based on 251 active trading days through FY18)

|                      |                                |
|----------------------|--------------------------------|
| Total Fund           | \$ 5.67B/251 = \$22.6M per day |
| Statutory Net Income | \$ 6.3B/251 = \$25.2 M per day |

APFC staff is actively engaged in making direct investments and overseeing our external manager partnerships:

- APFC = 57PFT, 2PPT, 2 Summer Interns
- 28 External Public Equities Managers
- 5 Real Estate Advisors
- Private Markets Partnerships:
  - Fund to Fund/Co-Investments/Direct Investments

MS. RODELL referred to slide 25, entitled "Additional Resources," and mentioned that there is a great deal of information available on the APFC website - [www.apfc.org](http://www.apfc.org).

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#### **ADJOURNMENT**

There being no further business before the committee, the House State Affairs Standing Committee meeting was adjourned at 5:34 p.m.