

**State of Alaska**  
**FY2015 Governor's Operating Budget**

**Department of Revenue**  
**APFC Custody and Management Fees**  
**RDU/Component Budget Summary**

**RDU/Component: APFC Custody and Management Fees**

*(There is only one component in this RDU. To reduce duplicate information, we did not print a separate RDU section.)*

**Contribution to Department's Mission**

See Alaska Permanent Fund Corporation Component Narrative Report.

**Core Services**

- See Alaska Permanent Fund Corporation Component Narrative Report.

**Major Component Accomplishments in 2013**

See Alaska Permanent Fund Corporation Component Narrative Report.

**Key Component Challenges**

See Alaska Permanent Fund Corporation Component Narrative Report.

**Significant Changes in Results to be Delivered in FY2015**

See Alaska Permanent Fund Corporation Component Narrative Report.

**Statutory and Regulatory Authority**

AS 37.13 Alaska Permanent Fund and Corporation

**Contact Information**

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<b>APFC Custody and Management Fees Component Financial Summary</b>			
		<i>All dollars shown in thousands</i>	
	<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	101,277.4	114,800.0	138,575.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>101,277.4</b>	<b>114,800.0</b>	<b>138,575.0</b>
<b>Funding Sources:</b>			
1105 Alaska Permanent Fund Corporation Receipts	101,277.4	114,800.0	138,575.0
<b>Funding Totals</b>	<b>101,277.4</b>	<b>114,800.0</b>	<b>138,575.0</b>

<b>Estimated Revenue Collections</b>				
<b>Description</b>	<b>Master Revenue Account</b>	<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
<b>Unrestricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>				
Permanent Fund Earnings Reserve Account	51373	101,277.4	114,800.0	138,575.0
<b>Restricted Total</b>		<b>101,277.4</b>	<b>114,800.0</b>	<b>138,575.0</b>
<b>Total Estimated Revenues</b>		<b>101,277.4</b>	<b>114,800.0</b>	<b>138,575.0</b>

**Summary of Component Budget Changes  
From FY2014 Management Plan to FY2015 Governor**

*All dollars shown in thousands*

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
<b>FY2014 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>114,800.0</b>	<b>0.0</b>	<b>114,800.0</b>
<b>Proposed budget increases:</b>					
-External Management, Custody, and Due Diligence Fees	0.0	0.0	23,775.0	0.0	23,775.0
<b>FY2015 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>138,575.0</b>	<b>0.0</b>	<b>138,575.0</b>

**Component Detail All Funds**  
**Department of Revenue**

**Component:** APFC Custody and Management Fees (AR15574) (2310)  
**RDU:** PFC Custody and Management Fees (318)

	FY2013 Actuals	FY2014 Conference Committee	FY2014 Authorized	FY2014 Management Plan	FY2015 Governor	FY2014 Management Plan vs FY2015 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	101,277.4	114,800.0	114,800.0	114,800.0	138,575.0	23,775.0	20.7%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>101,277.4</b>	<b>114,800.0</b>	<b>114,800.0</b>	<b>114,800.0</b>	<b>138,575.0</b>	<b>23,775.0</b>	<b>20.7%</b>
<b>Fund Sources:</b>							
1105PFund Rcpt (Other)	101,277.4	114,800.0	114,800.0	114,800.0	138,575.0	23,775.0	20.7%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>101,277.4</b>	<b>114,800.0</b>	<b>114,800.0</b>	<b>114,800.0</b>	<b>138,575.0</b>	<b>23,775.0</b>	<b>20.7%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Change Record Detail - Multiple Scenarios with Descriptions**  
**Department of Revenue**

**Component:** APFC Custody and Management Fees (2310)

**RDU:** PFC Custody and Management Fees (318)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2014 Conference Committee To FY2014 Authorized *****												
<b>FY2014 Conference Committee</b>												
ConfCom		114,800.0	0.0	0.0	114,800.0	0.0	0.0	0.0	0.0	0	0	0
1105 PFund Rcpt		114,800.0										
<b>Subtotal</b>		<b>114,800.0</b>	<b>0.0</b>	<b>0.0</b>	<b>114,800.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2014 Authorized To FY2014 Management Plan *****												
<b>Subtotal</b>		<b>114,800.0</b>	<b>0.0</b>	<b>0.0</b>	<b>114,800.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2014 Management Plan To FY2015 Governor *****												
<b>External Management, Custody, and Due Diligence Fees</b>												
Inc		23,775.0	0.0	0.0	23,775.0	0.0	0.0	0.0	0.0	0	0	0
1105 PFund Rcpt		23,775.0										
<b>Totals</b>		<b>138,575.0</b>	<b>0.0</b>	<b>0.0</b>	<b>138,575.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Funding is requested for the following activities:

\$17,000,000 for investment manager fees. These fees are calculated based on the market value of assets under management and vary by investment type. The requested increment is based on projected asset value growth, changes within the asset allocation that produces a higher fee structure, and projected incentive fees. The Permanent Fund's (APFC) external investment managers provide expertise and services that are essential in allowing the Fund to achieve the Board's long term investment goals.

\$6,675,000 for investment and legal due diligence. APFC has begun an internal investment program that allows staff to approve co-investments an direct investment in private market assets. These investment opportunities require external subject matter specialists, third party fiduciaries, and legal review in order to ensure full and complete due diligence in the review phase, and to ensure the Fund's interests are protected in the resulting contracts.

\$100,000 for custody fees. This is the anticipated increase in the fees paid to the Permanent Fund's custodian, Bank of New York Mellon.

**Line Item Detail**  
**Department of Revenue**  
**Services**

**Component:** APFC Custody and Management Fees (2310)  
**RDU:** PFC Custody and Management Fees (318)

Line Number	Line Name		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
73000	Services		101,277.4	114,800.0	138,575.0
<b>Expenditure Account</b>			<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
<b>73000 Services Detail Totals</b>			<b>101,277.4</b>	<b>114,800.0</b>	<b>138,575.0</b>
73050	Financial Services	Investment management fees, custodian fees, third party fiduciaries, and other investment related due diligence services.	101,007.8	114,175.0	136,650.0
73075	Legal & Judicial Svc	Investment Legal Due Diligence.	269.6	625.0	1,925.0

**Restricted Revenue Detail**  
**Department of Revenue**

**Component:** APFC Custody and Management Fees (2310)  
**RDU:** PFC Custody and Management Fees (318)

<b>Master Account</b>	<b>Revenue Description</b>				<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
51373	Permanent Fund Earnings Reserve Account				101,277.4	114,800.0	138,575.0
<b>Detail Information</b>							
<b>Revenue Amount</b>	<b>Revenue Description</b>	<b>Component</b>	<b>Collocation Code</b>	<b>AKSAS Fund</b>	<b>FY2013 Actuals</b>	<b>FY2014 Management Plan</b>	<b>FY2015 Governor</b>
51373	Permanent Fund Earnings As 37.13.150 Corporation budget				101,277.4	114,800.0	138,575.0