

Brief History of the Valdez Permanent Fund

- In 1976 TAPS owners used tax-exempt bonds for Marine Terminal
- City received 1% “impact fee” from bond sale
- Impact fee was \$13.6MM
- City Treasurer invested proceeds
- Committee formed in 1996
- Current value is \$200MM

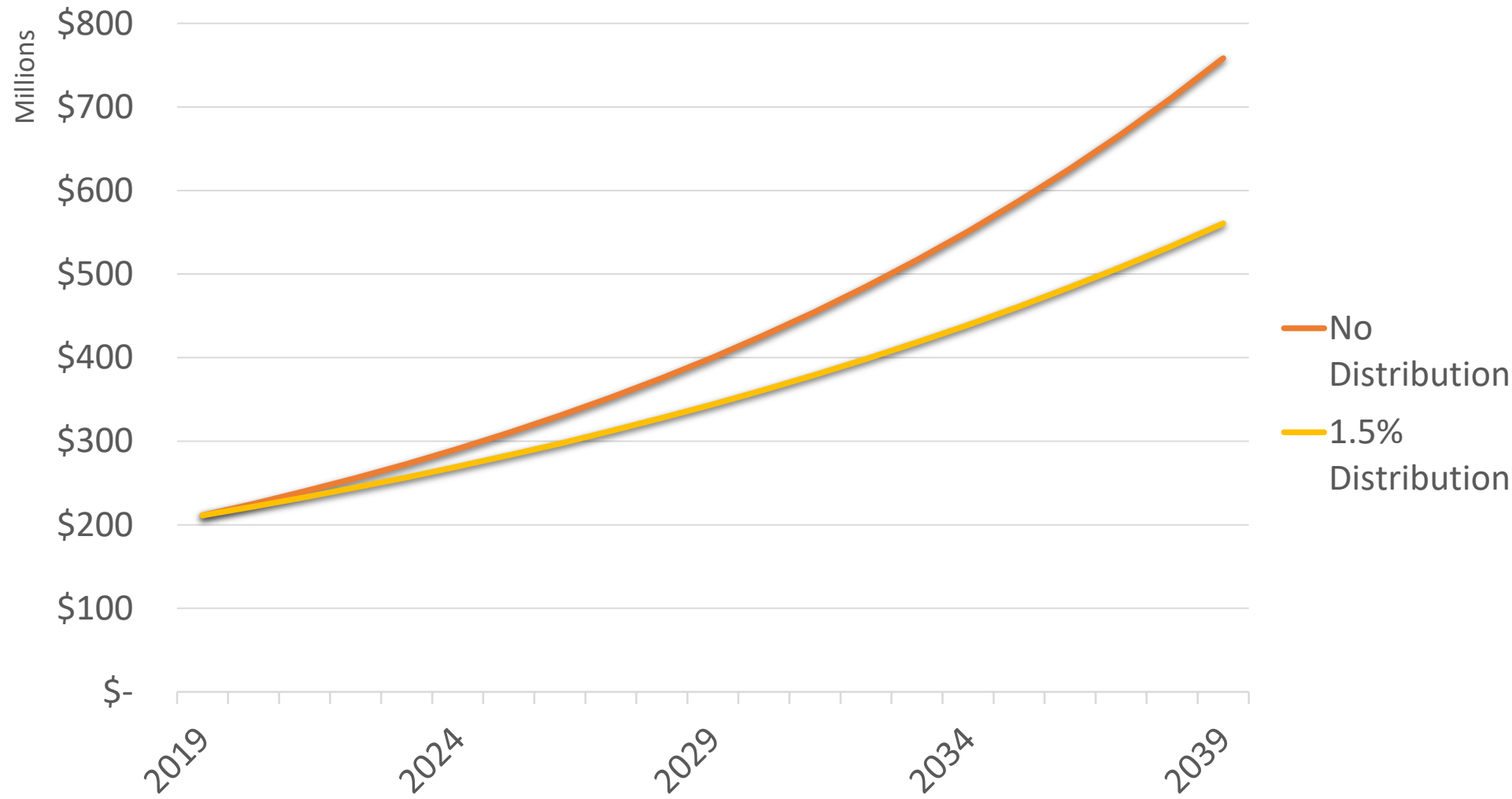
How is the Permanent Fund Portfolio Structured?

- Governed by Investment Policy Statement;
Periodically Revised and Approved by Council
Target Return is Inflation – plus – 4% (currently 6.6%)
- 50% Stocks – Divided among:
 - Domestic (U.S.) / non-U.S.
 - Small- / Mid- / Large-Cap
- 40% Bonds – Divided among:
 - Domestic (U.S.) / non-U.S.
- 10% Real Estate

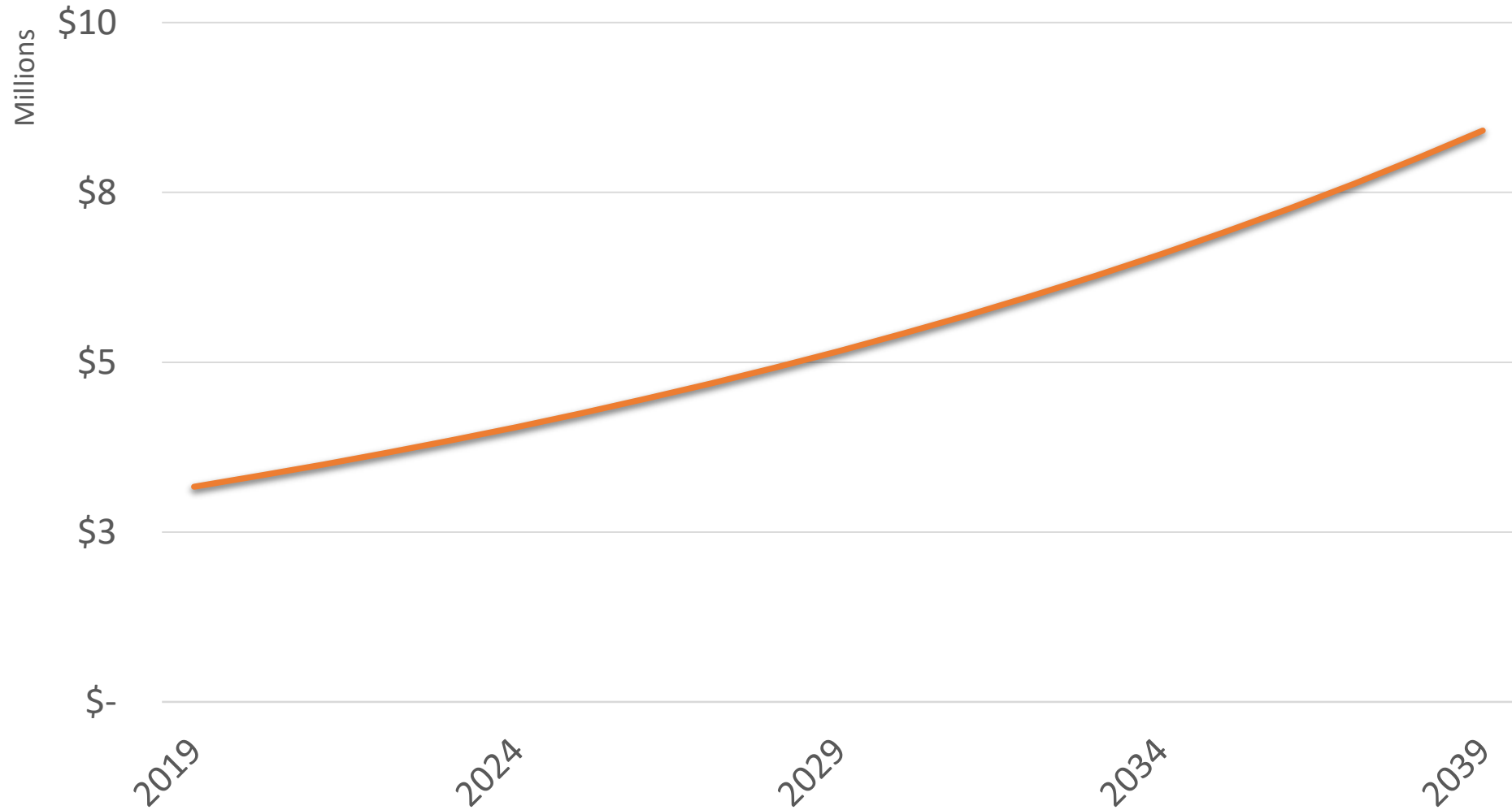
What is the Purpose of the Permanent Fund?

- Chapter VI of City Charter
- 1.5% transferred annually to General Fund for operational and capital expenses
- Remaining funds held perpetually in trust for present and future generations of Valdez residents

Permanent Fund 20-Year Growth Projection at 6.6%



Annual Distributions of 1.5%



When Do We Replace Our Oil & Gas Tax Revenue?

