

Informal Request for Proposals

APFC-FY23-004

Academic Paper

The Alaska Permanent Fund Corporation (APFC) is soliciting proposals from individuals, firms, or organizations interested in providing services to compose an academic paper on the topic of ERA durability. The paper will be the 10th Trustee Paper published by the APFC Board of Trustees. Prior papers can be found at <https://apfc.org/report-archive/>.

APFC is a public corporation and governmental instrumentality of the State of Alaska with the mission “to manage and invest the assets of the permanent fund and other funds designated by law in accordance with AS 37.13.010-37.13.190.”

The Alaska Permanent Fund (Fund) is established in Alaska’s Constitution:

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.

Currently the Fund is valued at approximately \$78 billion and in a state with primarily non-renewable resources, the Fund generates a renewable revenue stream for Alaska. Additional information on APFC and the Fund can be found at apfc.org.

The vision of APFC as stewards of the Fund is, “To deliver sustained, compelling investment returns as the United States’ leading sovereign endowment manager, benefitting all current and future generations of Alaskans.” To assist in fulfilling this vision our Board of Trustees prudently recognized that future and current generations can benefit from greater understanding of the challenges APFC’s peer funds face, and the solutions they have found to those challenges.

Since its creation in 1980 the APFC has been funded by a combination of one-time appropriations into the fund and constitutional and statutory requirements that between 25% and 50% of royalties generated from mineral leases be deposited into the fund. Other than management costs, the only outflows from the fund has historically been the payment of a yearly dividend to qualified Alaska residents based on 50% of the five-year average of statutory net income of the fund. [A.S. 37.13.145(b)]. As a consequence of declining revenues from oil production, in 2018 the Alaska Legislature adopted a percentage of market value spending rule whereby 5.25% of the market value of the fund through 2021, and 5.0% thereafter, based on the value of the fund in first 5 of the prior six years, would be made available to support the payment of dividends and governmental operations. [A.S. 37.13.140 (b)].

Scope of Work:

- The product is intended to provide:
 - History of permanent fund
 - History of why there are two accounts.
 - History of trust law moving away from the earnings/principal distinction in the early 1980s when trusts diversified to appreciating assets. That includes discussion of amendments to state trust laws that get rid of the principal/earnings distinction even for prior existing trusts.
 - History of adoption of inflation proofing
 - Need for inflation proofing.
 - Explanation of ERA durability problem
 - Overview of modeling of ERA durability and what that shows.
 - Discussion of need to constitutionally combine accounts to solve durability problem and to bring Permanent Fund in line with modern trust theory.
 - Alternatives to constitutional amendment to both ensure inflation proofing and address durability problem.

Minimum Qualifications:

All individuals and/or institutions submitting an informal proposal must meet the following minimum criteria, the proposing institution shall have:

1. Academic or professional knowledge of International Sovereign Wealth Funds
2. Previously published in academic journals or equivalent.

General Requirements:

1. The selected offeror is expected to comply with the APFC's standard contractual terms and conditions attached to this IRFP and titled:
 - a. Standard Agreement Form for Professional Services – Appendix A General Provisions, and
 - b. Appendix B² – Indemnity and Insurance
2. Proposals can be a fixed fee or by the hour billing. Total all fees in excess of \$100,000 will not be considered.
3. **Proposals are due on or before August 18th, 2023 at 4:00 p.m. (AKST)** and can be submitted via e- mail to Procurement at procurement@apfc.org.
4. Attend meetings of the Trustee Paper working group as requested.
5. Timeframe: 5 months after award of contract to complete the academic paper

IRFP Schedule:

- IRPF posted to Online Public Notice website: July 28, 2023
- Due date for receipt of proposals: August 18, 2023
- Evaluation Committee completes evaluation of all proposals: August 25, 2023
- Written Notice of Award issued: August 25, 2023
- Contract Award: September 5, 2023
- Contract Start: September 6, 2023

Proposal Content Requirements in support of Minimum Qualifications: Please provide or respond to the following:

1. The Offeror's résumé, including qualifications to speak to this subject matter.
2. Two academic papers authored by Offeror, within the last fifteen (15) years, and published; and links (or access) to those publications.

3. The Offeror's individual/institution's standard agreement terms, if applicable.
4. APFC is seeking the insight from Offerors how best to achieve the final product. Proposals must present Offerors current thinking in sufficient detail to demonstrate an understanding of the topic and the soundness of Offeror's approach for completing the product.

Please submit cost and fees under a separate attachment.

To be eligible for the Alaska Offeror's Preference, Offeror's must claim the preference by completing the included Alaska Bidder Preference Certification form in order for it to be applied.

Evaluation Criteria:

The informal proposals will be evaluated by APFC staff. The evaluation factors will be weighted as follows:

Experience, methodology, and proposed team	50 points possible
Cost and Fees	40 points possible
Alaskan Offeror Preference	10 points possible
	100 points possible

APFC may elect to interview one or more individuals whose proposal(s) are determined to be the most advantageous to APFC. Following interviews, APFC will assign a final score for experience, methodology, and the proposed team.

APFC reserves the right to withhold award of a contract if deemed to be in the State's best interests after evaluation of the proposals.