

Permanent Fund Portfolio Accounting System Upgrade

FY2011 Request: \$250,000

Reference No: 48735

AP/AL: Appropriation

Project Type: Information Technology / Systems / Communication

Category: Development

Location: Statewide

Contact: Michael Burns

House District: Statewide (HD 1-40)

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Estimated Project Dates: 07/01/2010 - 06/30/2015

Brief Summary and Statement of Need:

This funding will be used to upgrade the Alaska Permanent Fund Corporation's current real estate portfolio accounting system. This upgrade will expand the system's capabilities so that the Fund's other alternative asset types can be accounted for and reported on from within the same system. The Fund currently does not have an integrated system that is capable of handling alternative investments.

Funding:	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>Total</u>
PFund Rcpt	\$250,000	\$750,000					\$1,000,000
Total:	\$250,000	\$750,000	\$0	\$0	\$0	\$0	\$1,000,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input checked="" type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	35,000	0
<u>One-Time Startup:</u>	0	
Totals:	35,000	0

Additional Information / Prior Funding History:

None

Project Description/Justification:

Information Technology Capital Project Review Form FY2011

1. Has this project been previously approved?

No.

2. What is the purpose of the project?

The purpose of this project is to upgrade to the current version of an investment portfolio accounting system and expand its capabilities. The current version of this application, while appropriate for the real estate assets it was originally intended for, does not handle other asset classes in the Alaska Permanent Fund Corporation's (APFC's) alternative investment portfolio.

This upgrade will expand the system's capabilities so that the Fund's other alternative asset types

(private equity, distressed debt, and infrastructure assets) can be accounted for and reported on from within the same system. Specific activities this application will handle include accounting, performance reporting, and compliance with guidelines.

Phase 2 will continue the replacement and integration of currently disparate portfolio accounting systems.

Project cost:	Capital:			Annual O&M costs or savings
	Prior Years	FY 2010	FY 2011	
General Funds				
General Fund Match				
General Fund Program Receipts				
I/A Receipts (dept. and fund source)				
Other Funds (name and fund number)				
1105 Perm Fund Recpt			\$250,000	\$100,000
Federal Funds				
Total			\$250,000	\$100,000

3. Is this a new systems development project?

No; this is an upgrade or enhancement to existing department capabilities.

4. Specifically, what hardware, software, consulting services, or other items will be purchased with this expenditure? (Include a line item breakdown.)

Line 73000-Contractual: \$250,000

Consulting services to:

- a) Fully identify detailed requirements. \$15,000
- b) Customization and Data conversion of existing APFC data \$35,000
- c) Implementation of system \$20,000
- d) Staff training in the use and administration of the system \$25,000
- e) Initial license and service provider fees \$155,000

5. How will service to the public measurably improve if this project is funded?

More efficient and effective accounting, performance and compliance of Fund alternative investments. This is critical to ensure that the State of Alaska's largest public financial asset is protected for now and into the future.

6. Does project affect the way in which other public agencies will conduct their business?

No.

7. What are the potential out-year cost implications if this project is approved? (Bandwidth requirements, etc.)

Annual license and service provider fees.

8. What will happen if the project is not approved?

The APFC will have an increasingly difficult time accounting for hundreds of millions of dollars of alternative investments. At present, accounting for alternative investments is taking APFC staff excessive amounts of time to manually track and control these investments. As the number of investments in these asset types grow, the amount of time it is taking for these manual processes becomes more untenable. This data system upgrade will allow accounting staff to make more efficient use of their time and will reduce the potential for human error from manual processes.