

To: Brent Fisher, Chair
Through: Mary Wilson, Chief Executive Officer
From: Julee Farley, Chief Financial Officer
Date: May 20, 2026
Re: Finance Committee Report

Meeting Summary

The Finance Committee met on April 23, 2026. The meeting was attended by Committee Chair John Morris, members Anita Halterman, Kevin Fimon, Board Chair Brent Fisher (ex-officio, via telephone) and Trustee Agnes Moran.

Asset Management Policy Update

Mr. Steve Center of Callan reported that Callan was retained by the Trust to review the AMPS and recommend revisions. In addition to clarifying roles and responsibilities, proposed changes include the addition of a statement of fiduciary standards, elimination of the Central Facilities Funds (CFF), and the removal of land management provisions currently in the AMPS. The draft AMPS also includes changes for evaluating potential land and natural resource development investments managed by the TLO that require capital investment from the Trust, and to monitor such investments.

A more detailed discussion of proposed AMPS changes is scheduled for a Trustee work session on May 11, 2026.

Financial Update

Julee Farley, CFO, and Kat Roch, Budget Controller, presented the FY26 financial dashboard through February 2026.

Kat Roch reported that the FY26 Trust Authority agency budget was 60% expended, or \$3.3 million; MHTAAR was 37% expended, or \$3.8 million, and Authority Grants expenditures 44% expended, or \$4.4 million. The spending on prior year Program Activity and capital was also reviewed. CFO Julee Farley reported that TLO expenditures of \$2.4 million, \$3.1 million of income (which includes \$1.3 million of income collected in FY25), and \$3.2 million of principal. The current expected lapse for the TLO agency budget is \$1.6 million. Year to date capital project spending is at \$521,743 with most of that relating to Icy Cape.

Continuing, CFO Farley reported that investments managed by APFC and DOR continue to do well with fiscal year to date returns of 9.2% and 11.4%, respectively. Commercial Real Estate distributions total \$1.3 million through February. Trust investments total \$907 million at the

end of February. Available reserves as a percentage of the annual payout is at 420%, although market fluctuations will impact this number.

Review of the \$120M inflation memo

Julee Farley, CFO, presented the background related to the March 2021 motion approved by Trustees designating \$120 million for inflation proofing, with a transfer of \$50 million from into to principal approved at the time. There was discussion relating to the remaining \$70 million balance with Trustees direction for staff to present additional analysis of the allocation of principal and income at a future meeting.

Board Action Required. *The Finance Committee recommends the following motions:*

Motion 1: Asset Allocation of the Budget Reserves Managed by Dept. of Revenue (DOR)

Mr. Center, Callan, presented a review of the asset allocation for the Budget Reserves managed by DOR to Trustees. The expected 10 year return and risk of the asset allocation was reported at 6.52% and 9.6%, respectively, which led to an expected return of 7.2% overall expected return for Trust investments including both APFC and DOR managed funds (excluding GeFONSI assets). This expected return is sufficient for a 4.5% annual payout and keep up with inflation. Mr. Center recommended no changes to the asset allocation from the prior year.

The Board of Trustees recommends no changes to the asset allocation for budget reserves managed by the State of Alaska Department of Revenue.

Motion 2: Budget Amendment – Increased Funding Available for FY27

CFO Farley presented a summary of available unexpended Authority Grant funds for prior budget years that can be transferred to FY27 to allow for sooner deployment for beneficiary programs. Additional information related to this transfer was provided by COO Katie Baldwin-Johnson. Staff recommends the change in funding to allow funds to become available for beneficiary programs on an accelerated basis.

The Board of Trustees authorizes the transfer up to \$9,859,492 in unspent prior year Authority Grant funds into to FY27 Authority Grant funds. This transfer is comprised of:

- \$3,805,579 in unspent FY23 Authority Grant funds
- \$4,148,951 in unspent FY24 Authority Grant funds
- \$1,904,962 in unspent FY25 Authority Grant funds

Motion 3: Draft Memorandum of Agreement with APFC

CFO Farley and Gene Hickey, Dept. of Law, recommend the MOA with APFC be amended. The confidential draft agreement was previously provided to Trustees.

The Board of Trustees approves the Draft Memorandum of Agreement with the Alaska Permanent Fund Corporation to the full Board of Trustees for consideration and adoption.

Motion 4: Draft Memorandum of Understanding with DOR

CFO Farley and Gene Hickey, Dept. of Law, recommend the MOA with DOR be amended. The confidential draft agreement was previously provided to Trustees.

The Board of Trustees approves the Draft Memorandum of Understanding with the Department of Revenue to the full Board of Trustees for consideration and adoption.

The next Finance Committee meeting is **July 28-30, 2026.**