

To: John Morris, Chair, Finance Committee
Through: Mary Wilson, Chief Executive Officer
From: Julee Farley, Chief Financial Officer

Date: April 23, 2026
Re: Inflation Motion approved by Trustees on March 30, 2021

At a special meeting on March 30, 2021, Trustees approved the designation of up to \$120,280,300 of Alaska Mental Health Trust earnings as principal for purposes of inflation proofing, with \$50,000,000 to be transferred as soon as practical while still maintaining a budget reserve balance of 400%.

The [attached](#) Finance Committee Report, dated March 23, 2021, provides additional detail on this motion.

The CFO initiated the \$50M inflation-proofing transfer on April 19, 2021 ([attached](#)). The remaining balance of \$70,280,300 for inflation proofing remains outstanding. Staff requests guidance on this remaining amount.

Proposed solutions include:

1. After strong investment gains and recent Commercial Real Estate proceeds from sales were transferred to Budget Reserves, the Budget Reserves ratio is 420% at the end of February. This represents an excess of \$6M that could be available for an inflation proofing transfer and reduce the remaining \$70,280,300 designation.
2. The Trust's investment allocations are designed to achieve expected returns that allow for an annual payout and inflation protection when looking at the total portfolio. Inflation proofing transfers from earnings to principal are irreversible. Additionally, inflation proofing transfers are an accounting transfer that is not necessary in a total fund/endowment model. The motion passed on March 30, 2021, could be re-evaluated for necessity given expected investment returns.
3. Maintain the \$70,280,300 remaining designation for inflation proofing, and revisit this annually as Budget Reserves increase above the 400% target.
4. The Audit & Risk Committee is reviewing the inflation proofing and may have a recommendation concerning the existing regulations and inflation proofing.