

## **Resolution of the Commonwealth North Inc. Board of Directors for the consolidation of the Alaska Permanent Fund into a single fund endowment**

**Whereas**, the Alaska Permanent Fund (APF) was created by a vote of the people in 1976 and is found in the Alaska State Constitution under Section 15 of Article 9,

And Whereas, the APF has been operating, since its inception, as a permanent endowment whereby the corpus or principal of the fund cannot be spent,

And Whereas, earnings from the APF is available for deposit into the General Fund (GF) of the State of Alaska unless otherwise provided by law,

And Whereas, the financial structure has existed since Fund inception for managing the assets of the APF for perpetuity with no fixed date of maturity,

And Whereas, a Constitutional Amendment would amend existing law to transform the current two-fund structure of Principal plus a Earnings Reserve Account (ERA) into a single consolidated fund which can be spent down from a combination of both the principal and retained earnings,

And Whereas, the APF could be structured so that its inflation-adjusted value is kept intact given that a portion of the Fund may be spent down each year based upon a prudent spending policy,

And Whereas, a structured draw formula is an effective way to balance the availability of retained earnings against protecting the long-term asset value of the Fund,

And Whereas, by consolidating the Principal and ERA into a single fund that restricts any annual draw to the Fund's real value, inflation proofing the Fund via annual appropriation should no longer be required,

And Whereas, a sustainable Percent of Market Value (POMV) draw formula is based on the belief that the Fund can be expected to generate a positive real rate of return (after inflation) over a defined period of time,

And Whereas, an annual draw from the Fund be allowed based upon a moving five-year real rate of return average not to exceed the prior fiscal year-ending Fund value of up to 5%,

Now Therefore Be It Resolved, that the Commonwealth North Inc. Board of Directors supports the consolidation of the Principal and ERA of the Alaska Permanent Fund into a single fund endowment and recommends that the question be placed before Alaska voters at the next statewide general election.



Resolution passed by unanimous vote of the Board of Directors on March 20, 2025.

*V. Ross Johnston*

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Ross Johnston, Executive Officer, Commonwealth North Inc.



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