

ALASKA LEGISLATIVE COMMITTEE
1981-1982

3869 SCRA (FILE 244 SB 2) 9/2



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James O. Smith
Signature of Camera Operator

10/31/89
Date

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2 of 2



Alaska State Legislature

Senate

Official Business

Pouch V
State Capitol
Juneau, Alaska 99811

July 1, 1985

To: Community & Regional Affairs Committee
From: Senator Edna DeVries, Committee Chair
Subj: Interim Hearings

My staff has already notified your offices that I am planning hearings on SB 244 in September and October. I wanted to give you a little bit more information and invite your comments.

The Southcentral hearings will be held September 24, 25, and 26; and the Interior hearings will be held October 22, 23, and 24. In Southcentral there will be a hearing in Anchorage, in Kenai/Soldotna, and the Mat-Su Valley. Interior hearings will be held in Fairbanks, North Pole, and in Nenana if Senator Coghill feels it will be worthwhile.

Attached are the airline tickets necessary for your travel to these meetings. You may, of course, change the dates of your arrival and departure to better suit your specific travel schedule.

I will contact you again as soon as meeting locations and other details are arranged. In the meantime if you have any suggestions or comments, please let me know. If I am not here, the Committee aide, Yvonne Alford will be. My interim address is:

Senator Edna DeVries
137 E. Arctic, Suite 102
Palmer, AK 99645

Phone: 745-3281

Atchs

Distribution:

Senator Jack Coghill
Senator Frank Ferguson
Senator Vic Fischer
Senator Arliss Sturgulewski

*letter for Arliss
North P Oct 22
Fairbanks Oct 23*



Alaska State Legislature

Official Business

Community & Regional Affairs Committee

Pouch V
State Capitol
Juneau, Alaska 99811

January 23, 1986

SB 244 -- An Act relating to the undistributed income account in the Alaska Permanent Fund for certain municipal aid programs, establishing a two-year funding cycle; efd

Senator Coghill will introduce a sponsor substitute and speak to it.

The bill has been heard:

March 26, 1985 -- Committee hearing before Mayors from Alaska Conference of Mayors

September 24, 1985 -- Anchorage LIO offices
Jim Rhode, representing the "Friends of the Permanent Fund" spoke against the bill.

September 25, 1985 -- Wasilla LIO office
Vern Roberts, Finance Director, Mat-Su Borough spoke in support of providing municipalities with figures on predictable income.

Testimony from City of Houston, City of Palmer, Mayor of Mat-Su Borough, City of Wasilla, and Assemblyman from Mat-Su Borough -- All spoke to support of the bill but did not specifically endorse its passage in present form.

September 26, 1985 -- Soldotna LIO office
Mayor, City of Kenai spoke in support of bill.
Manager, City of Kenai spoke in support of bill.

October 22, 1985 -- Fairbanks LIO office
City of Fairbanks and Fairbanks North Star Borough spoke in favor of concept of bill.

October 22, 1985 -- North Pole -- City Hall, North Pole
North Pole Mayor spoke in favor of bill.

October 23, 1985 -- Nenana City Hall
Tim Sims and Gilbert Ketzler opposed bill.
George Hobson, Lanston Chinn (Nenana School Board and City of Anderson) spoke in support of bill.

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY
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May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

SCRA	9-24-85	2pm
	9-25-85	2pm
	9-26-85	2p
	10-22-85	9:30 AM
	10-22-85	2:10 pm
	10-23-85	10:15 am

Permanent fund earning at least \$2 million a day

ANC DAILY NEWS
The Associated Press 10-31-85

JUNEAU — Alaska's \$6.8 billion oil wealth savings account is continuing to earn more than \$2 million a day, according to the Permanent Fund Corporation's September financial statement.

Gross revenues for the fiscal year beginning July 1 are \$192.4 million, while earnings for September alone were reported at \$61.1 million, officials said.

The body of the fund is \$5.8 billion while reserves currently stand at \$9.5 billion, officials said.

The reserve fund is very large, officials said, because it:

- Contains reserves from previous years.
- Serves as a deposit account for all income received in the current fiscal year.
- Is being used as a holding account from which dividend payments are made.
- Is to be used as an account from which inflation-proofing transfers to the body of the fund are made.

Most of the revenues come from interest and dividends, while others are derived from fees charged on loaned securities and from the sale of common stock and marketable debt securities.

There were no dramatic shifts in the way the portfolio was handled last month, simply the day-to-day buying and selling, officials said today.

HOW THE FUND WORKS

The Alaska Permanent Fund is a savings account presently worth \$6.5 billion which belong to all the people of Alaska. It was created by the voters when they made it part of the state Constitution in 1976. The Fund is managed by a public corporation separate from state government.

The public corporation is known as the Alaska Permanent Fund Corporation. It was established by the legislature in 1980, and has three goals: (1) save a portion of the state's one-time oil wealth to benefit all generations of Alaskans; (2) protect those savings from loss of value; and (3) invest those savings to produce income for uses provided by law.

The goals are being met. A significant portion of the oil wealth is being saved, protected and invested to produce income. Each year, 25% of Alaska's oil royalties automatically are deposited in the Permanent Fund. These savings represent a little more than one-tenth of the state's total annual revenues. Money earned from investing the Permanent Fund during the 12 months from July 1984 to June 1985 amounted to \$657.8 million.

The Alaska Permanent Fund Corporation is managed by a board of six trustees appointed by the governor. Four of the trustees are members of the public who have experience in business, finance or economics. The commissioner of the Department of Revenue and the governor's choice of one other cabinet member also serve.

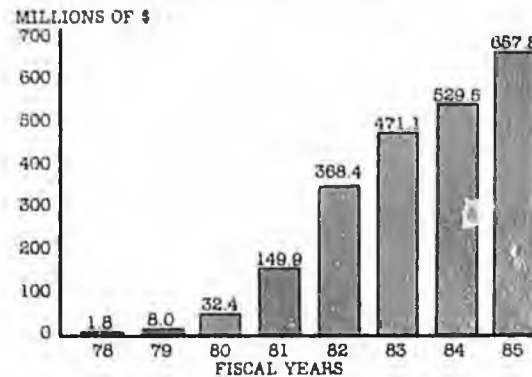
Day-to-day operations are carried out by an executive director and a small, professional staff. The Corporation also makes frequent use of financial advisors. For accountability, independent auditors check the books once each year, and the legislature annually approves the Corporation's budget.

DIRECT DISTRIBUTION

Since the Permanent Fund Dividend Program began in 1982, more than \$1 billion has been distributed directly to the citizens of the State of Alaska in the form of Permanent Fund dividend checks. Per capita dividends in earlier years were: \$1,000 (1982); \$386.15 (1983); and \$331.29 (1984).

The Alaska Permanent Fund Corporation does not administer the dividend program. This is the responsibility of the state Department of Revenue. It is Revenue which processes the applications and mails out the checks. The Corporation's responsibility is to manage the investments, collect the earnings, and then transfer from the Permanent Fund to the Dividend Fund the total amount due each year, as appropriated by the legislature.

NET INCOME



The Permanent Fund is invested to earn income. This graph shows how much income has been earned each year, net of operating expenses, since the Fund began on February 21, 1977.

Total income earned in these first eight years is \$2,218,900,000. Current projections show the Permanent Fund, by the year 2005, earning this amount of net income each year.

COMPOSITION OF THE FUND

The Permanent Fund is made up of two parts: principal and undistributed income. As of June 30, 1985:

The Principal of the Fund is: \$ 5.7 billion

The Undistributed Income Account is: \$ 763.3 million

The principal of the Fund includes: (1) the oil royalties deposited by constitutional dedication; (2) extra money deposited by legislative appropriation; and (3) income of the Fund which has been transferred to principal in order to "inflation-proof" the Permanent Fund.

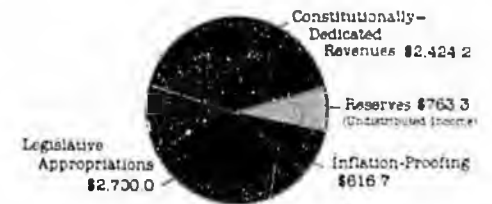
Expenditure of the principal is prohibited by the state Constitution.

The constitutionally-dedicated oil royalties represent the state's ownership interest in a non-renewable, natural resource. Deposit of these revenues in the Permanent Fund ensures that when the oil is gone, there will be lasting benefits for future generations of Alaskans. The Permanent Fund receives no dedicated tax money.

The legislature has deposited extra money in the Permanent Fund on two occasions: in 1980 and again in 1981. The first special appropriation was \$900 million; the second was \$1.8 billion. Deposits such as these are called "front-loading". They reflect a policy of deliberately making the Permanent Fund a priority in times of relative prosperity, in order to save as much as possible for an uncertain future.

The third way money is added to the principal of the Fund is through inflation-proofing. This is a provision of law which was enacted by the legislature in 1982, to ensure that the value of the Permanent Fund is protected from the effects of inflation. Since then, \$616.7 million has

TOTAL EQUITY: \$6,504.2
(in millions)



This chart shows where the money in the Permanent Fund has come from.

been added to the principal of the Fund for this purpose. Inherent in any well-managed trust, inflation-proofing is sound public policy.

The undistributed income account consists of all other net income—current and prior years—which has not been paid out as dividends or transferred to principal for inflation-proofing. These accumulated earnings are managed as part of the Permanent Fund, but no constitutional prohibition is placed on their expenditure.

The trustees have designated the undistributed income as "reserves" to be used in future years when either poor earnings or high inflation leave insufficient annual income to pay the full portion of dividends and inflation-proofing. In this way, the reserves cushion the Fund against sharp fluctuations in income or monetary conditions.

As large as the reserves are, however, they may not be large enough. Current projections, which assume a long-term rate of return for the Fund of 9% and average inflation of 6%, indicate that all of the existing reserves will be needed over the next 15 years to meet future dividend and inflation-proofing needs.

INVESTMENTS

The Permanent Fund operates under the "Prudent Investor Rule". This means that investing the money safely is more important than how much the investment earns. Consequently, a high degree of importance is placed on broad diversification. As a public trust, the Fund does not engage in social or political investing.

The long-term investment policy of the trustees is to achieve an annual earnings rate of 3% above inflation. To accomplish this goal, the trustees have adopted a conservative investment strategy:

- 80% invested in fixed income securities. These are mostly U.S. government bonds, and are considered some of the safest and most profitable investments in the world.

- 15% invested in the common stock of both large and established, and small and growing, U.S. companies. Two-thirds is invested to match the performance of the Standard & Poor's 500 Stock Index, and one-third is invested to attain superior investment results.

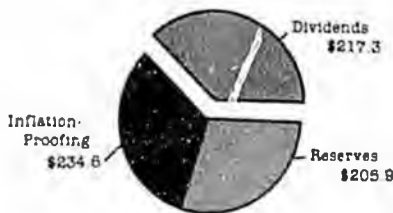
- 5% invested in improved real estate through pools, participating mortgages and equity. Real estate investments are diversified by location around the country, and by property type: residential, industrial, office and retail.

Approximately \$225 million, or 4.8%, of the Permanent Fund is committed to investments in Alaska. These investments are in: (1) home mortgages; (2) certificates of deposit with Alaska financial institutions; and (3) taxable bonds of the Alaska Housing Finance Corporation (AHFC). The trustees make Alaskan investments to the extent in-state investments are available, provided the risk levels and expected yields are comparable to alternate investment opportunities.

USE OF EARNINGS

NET INCOME: \$657.8

(in millions)



This year's income represents a 11.61% rate of return on investment.

The people, through their elected representatives in Juneau, ultimately decide all questions regarding use of Permanent Fund earnings.

Current law provides for use of the earnings as follows:

First, to pay dividends. Each year, one-half of the net income of the Permanent Fund, averaged on a five-year basis, is distributed directly to all of the citizens in the state who make application and qualify. The Permanent Fund dividend program is much like a company sharing profits with its stockholders. In this case, the "stockholders" include everyone who is an Alaskan resident.

Second, to protect the value of the Fund. Each year, net income in an amount sufficient to offset the rate of inflation is transferred automatically to principal. This is called inflation-proofing. Inflation this year was 4.26%.

Third, after both of the above are provided for, any residual earnings are retained in the Fund in an undistributed income account. The undistributed income account now comprises over 11% of the total assets of the Fund. At present, it is reserved by the trustees for future dividends and inflation-proofing payments.



"When this Corporation was created in 1980, the intent was to establish a management system for the Permanent Fund which would be protected from political influences, but at the same time, responsive to changes in state policy and accountable to the public.

"Consequently, within the statutory framework, the trustees operate with complete independence, but make every effort to provide Alaskans with enough information to fully understand the Fund and how it works. In our view, a well-informed public is essential to the long-term viability of the Permanent Fund.

"As we continue to build and strengthen your Fund, we encourage you to stay informed."

--Byron I. Mallott
Chairman of the Trustees
1985-86

Board of Trustees

Byron I. Mallott
Clyde M. Sherwood
Arnold G. Espe
Hugh Malone
Mary A. Nordale
Emil Notti

Please contact the staff of the Alaska Permanent Fund Corporation at this address for more information. With adequate notice, a trustee or staff member can speak to local organizations.

Alaska Permanent Fund Corporation
Pouch 4-1077
Juneau, Alaska 99802



OCT 8 RECD

Alaska Permanent Fund Corporation
Pouch 4-1000 Juneau, Alaska 99802
TEL 907/465-2047 TLX 099-46-323

October 4, 1985

The Honorable
Edna Armstrong-DeVries
Alaska State Senator
137 E. Arctic, Suite 102
Palmer, AK 99645

Dear Senator DeVries:

Ms. Yvonne Alford of your office has requested that we screen our "legal opinion file" to determine if opinions exist which relate to the withdrawal of funds currently within the Alaska Permanent Fund.

Some opinions do exist. They appear to relate to (1) withdrawals from principal created by the constitutional dedication of oil revenues, and (2) withdrawals from principal created by special appropriations of amounts over and above constitutional dedications.

Pursuant to Yvonne's request, please find the enclosed:

Rodger Pegues' opinion to Rep. Clark Gruening
Billy Berrier's opinion to Rep. Oral Freeman
Joseph Guthrie's opinion to Biller Berrier

Thank you for your inquiry. Please contact me if you have additional information needs.

Sincerely,

A handwritten signature in cursive script, appearing to read "David A. Rose".

David A. Rose
Executive Director

DAR:bm
enclosures

High. OK both with AG's office
Bauer and
JAN 16 1980

STATE OF ALASKA
THE LEGISLATURE
LEGISLATIVE AFFAIRS AGENCY

Prof

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

MEMORANDUM

January 16, 1980

SUBJECT: Appropriations to the Permanent Fund
TO: Representative Oral Freeman
FROM: Billy G. Berrier *BGB*
Director
Division of Legal Services

You have asked whether money appropriated to the permanent fund in excess of the amount required to be deposited in the fund under sec. 15, Art. IX of the Alaska Constitution could later be withdrawn from the fund.

In my opinion money appropriated to the fund becomes fund principal in the same manner as money deposited in the fund under sec. 15. Neither can be withdrawn or used other than as provided in that section without an authorizing amendment to the constitution.

Section 15' reads:

SECTION 15. At least twenty-five per cent 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.

Effectively, this does two things. It requires that a specified minimum percentage of certain state receipts be deposited in a permanent fund. It then limits the use of the principal of the fund and provides for use of the income.

Representative Oral Freeman

Page 2

January 16, 1980

It is very clear from the amendment language that there is no intent to preclude money in excess of the minimum required amount from becoming a part of the permanent fund and there is no language in the section which suggests either that the principal of the fund be limited to amounts required to be deposited or that the limitations on the principal be so limited.

The term "permanent" as used three times in the body of the amendment and in the title of the fund would be read in the normal sense of that word since the reading is consistent with the context, with the legislative and public discussion of the amendment proposing the fund and with the understanding that the voters would be presumed to have had in approving the amendment. There can be no legitimate question that the objective of the permanent fund is preservation of the principal of the fund for the long term use of the state and its people.

The section distinguishes between principal of the fund and income from the fund; in my opinion no further distinction between one type of principal and another depending on how the money came to the fund can be implied from the language. Further, such a distinction would be incompatible with the objective of the fund.

In my opinion, once money from whatever source is placed in the permanent fund by deposit or by appropriation, the money becomes part of the principal subject to the constraints of the section. Therefore, the money could not be withdrawn.

The Department of Law examined this question and in an opinion dated August 31, 1977, reached the same conclusion. A copy of that opinion is enclosed.

BGB:jdn

Enclosure

OCT 8 RECD

August 31, 1977

Hon. Clark Gruening
Chairman
House Special Committee on
the Permanent Fund
528 West Fifth, Suite 270
Anchorage, Alaska 99501

Re: Permanent fund, irretrievability
of money appropriated to;
our file J-66-106-78

Dear Representative Gruening:

You have asked whether money appropriated to the permanent fund in excess of the amount required by the constitution is irretrievable.

Section 15 of article IX of the Alaska Constitution, as added by the 1976 amendment to the constitution, reads as follows (emphasis added):

At least twenty-five per cent 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.

Your question really is whether the limiting language of section 15 applies not only to the mandatory 25 percent of mineral revenues placed in the permanent fund but also to any additional money placed in the fund.

We believe that the answer is yes.

The language of the amendment providing for the permanent fund is clear enough. There is to be a permanent fund. At least 25 percent of the enumerated mineral revenues are to be placed in it. The use of the words "[a]t least" clearly contemplates that additional monies may well be placed in the fund. Once there, they form the fund's principal. That principal "shall be used only" for income-producing investments. Hence, on its face, what becomes a part of the principal may no longer be withdrawn for another purpose. Only the income from investments of the principal is available.

It is a universal principle that the legislature's law-making power is plenary except as limited by the state or federal constitutions. In order to hold that the legislature may not appropriate additional monies to the permanent fund and also provide for their subsequent withdrawal, the courts must find an express or implied prohibition against its doing so. Facially, the constitution's restriction on the use of the fund's principal seems to constitute such an implied restriction, i.e., the principal may be invested but nothing else, including a withdrawal, may be done with it.

It could be possible, one might argue, for the legislature to make appropriations to the fund by law and specify that they are made on the condition that they are intended to be retrievable and are null and void ab initio if ruled not to be. The problem is that the courts would likely rule that the condition itself is so inconsistent with the provisions of section 15 that it is absolutely void, i.e., that the legislature is prohibited from withdrawing from the principal both directly and indirectly.

Or the legislature could appropriate to the fund and specify that the monies appropriated are not to be considered a part of the fund's "principal" in the sense of the constitution, i.e., as monies available solely for investment, but rather are to be considered as a temporary addition to the fund which is to be used for investment but which shall be accounted for separately and may be withdrawn. Again, the problem is that the courts would likely rule that such legislation is so inconsistent with the provisions of section 15 that it is void. Either there is a permanent fund or there is not.

We are dealing here with a peculiar--perhaps unique--quasi-trust. Unlike most trusts, the principal may not be reached whatever, either now or in the future. No one has a future right to the principal. Instead, the principal is to be invested in perpetuity to produce income.

Only the income from investments may be reached. Absent still another constitutional amendment, we see no way around this result. A permanent fund was intended, and a permanent fund appears to have been achieved.

Accordingly, we doubt very much that any money appropriated to the permanent fund may subsequently--without a constitutional amendment--be withdrawn.

Sincerely yours,

AVRUM M. GROSS
ATTORNEY GENERAL

By: Rodger W. Pegues
Assistant Attorney General

RWP:chp

STATE OF ALASKA
THE LEGISLATURE

POUCH Y - STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

July 14, 1977

SUBJECT: Whether contributions to the permanent fund over and above the constitutionally required minimum of 25 percent of the revenues from nonrenewable resources may be withdrawn at a later date, if (1) the additional contribution is comprised of an appropriation from the general fund, or (2) a statute requires deposit of more than the constitutionally required percentage of the revenues from nonrenewable resources.

TO: Billy G. Berrier
Director
Division of Legal Services

FROM: Joseph A. Guthrie
Legislative Counsel

The issue of whether funds deposited in the permanent fund over and above the 25 percent of those revenues required to be deposited by Article IX, Sec. 15, Alaska Constitution may be withdrawn from the fund would seem to depend on whether the following language of Article IX, sec. 15 refers to only the 25 percent minimum required or whether this language refers to all monies deposited in the 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"

It seems clear to me that the inclusion of the words "at least" with reference to the 25 percent minimum make it clear that deposit of funds in addition to the 25 percent of revenues from nonrenewable resources was contemplated by the framers of this section. However, whether only an additional percentage of revenues from nonrenewable resources, or the deposit of funds from other sources as well, were contemplated for inclusion in the permanent fund is unclear. The words "at least" could refer to either possibility.

The existence of this ambiguity seems significant to me because of the fact that the section creating the permanent fund (Article IX, sec. 15) is framed as an exception to a

general prohibition against dedicated funds (Article IX, sec. 7). Review of the comments of the Committee on Finance and Taxation at the Constitutional Convention (Committee Proposal/9, December 16, 1955) reveals that dedication was regarded in terms of the earmarking of specified taxes and revenues to a specific purpose. For this reason, one may argue that the words "at least" refer only to the possibility of a deposit of a percentage of those revenues specified by the constitution of greater than 25 percent and that an appropriation to the fund from the general fund would not be encompassed by the language already quoted precluding withdrawals. Under this analysis, of course, deposits from those revenues specified in Article IX, sec. 15 of the Constitution in excess of the constitutionally required minimum could not be withdrawn.

On the other hand, one might argue that all deposits of money into the permanent fund, whatever their source, may not be withdrawn. This interpretation rests on the fact that the language limiting withdrawal already quoted refers to the words "permanent fund" in a manner which suggests that the fund is not solely comprised of dedicated revenues from the sources specified. Specifically, the words "shall be placed in a permanent fund" are used, rather than words expressing the thought that the funds from the specified revenues be preserved as a nest egg.

Conclusion

As stated earlier, it seems clear that deposits of the sources of revenue specified by Article IX, sec. 15, cannot be withdrawn. The fact that Article IX, sec. 15 is framed as an exception to a prohibition on dedication of the proceeds of particular state taxes and license (Article IX, sec. 7), rather than with reference to monies already in the general fund, would seem to argue in favor of an interpretation that funds deposited in the general fund via appropriation bill could be withdrawn. On the other hand, the general tenor of Article IX, sec. 15 would seem to argue that all deposits to the permanent fund, from whatever source, may not be withdrawn.

No cases on point came to light on review of provisions establishing permanent funds in New Mexico, Utah, and Montana.

I will look for a rule of statutory interpretation which might aid in the resolution of the aforementioned ambiguity.

JAG:jpd

STATE OF ALASKA
THE LEGISLATURE

POUCH Y STATE CAPITOL
JUNEAU ALASKA 99911
907 465 3800

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

March 26, 1985

SUBJECT: Use of money from the undistributed income
account for municipal aid (SB 244)

TO: Senator Edna DeVries
Chair, Community & Regional Affairs Committee

FROM: Tamara Brandt Cook *TBC*
Deputy Director
Division of Legal Services

Here is the sectional analysis that you requested of SB 244 dealing with funding shortfalls in certain municipal aid programs with money from the undistributed income account and establishing a two-year funding cycle.

Section 1. The Department of Community and Regional Affairs is required, based on a two-year funding cycle, to estimate entitlements under the various municipal aid provisions referred to collectively as the revenue sharing program. The entitlements are recomputed each fiscal year, but legislative appropriations for the revenue sharing program are to be made for a period of two fiscal years. By January 15 of each fiscal year, the amount of money needed to fully fund entitlements for that year is transferred from the undistributed income account in the Alaska permanent fund. Thus, if appropriations made during the two-year funding cycle are sufficient to fully fund the entitlement, subsection (b) of the new sec. 29.95.005 does not operate to transfer money.

Section 2. The section dealing with allocation of money for payments under the various revenue sharing provisions by the Department of Community and Regional Affairs is changed to reflect the two-year funding cycle. Reference to former AS 29.90, which provided payment for hospital construction, is deleted, and replaced with a reference to the temporary law provision under which payments for certain construction projects was continued.

Undistributed Income Is Part of the Permanent Fund

The Permanent Fund is made up of two parts: principal and undistributed income. As of June 30, 1985:

The Principal of the Fund is:	\$5.7 billion
Undistributed Income is:	\$763.3 million

The principal of the Fund includes (1) the oil royalties deposited by constitutional dedication; (2) extra money deposited by legislative appropriation; and (3) income of the Fund which has been transferred to principal to inflation-proof the Fund. Expenditure of the principal is constitutionally prohibited.

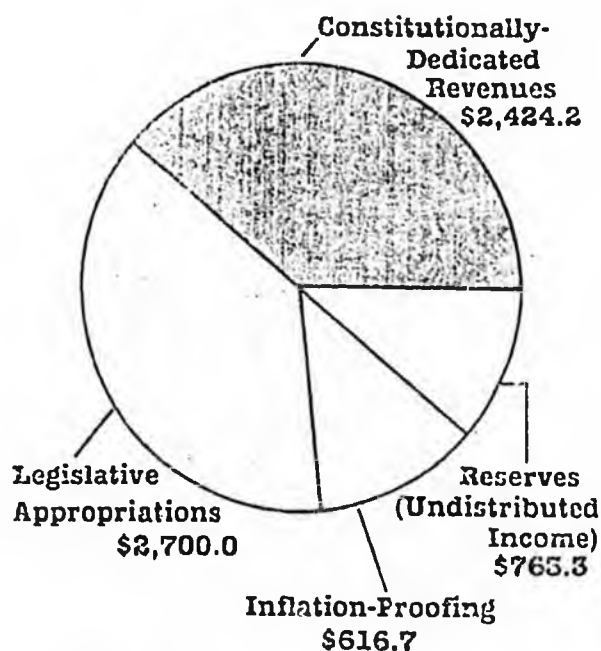
Undistributed income is all other net income — current and prior years' — which has not been paid out as dividends or transferred to principal for inflation-proofing. These accumulated earnings now represent over 11% of the total assets of the Permanent Fund. No constitutional prohibition is placed on their expenditure.

The trustees have designated the undistributed income as "reserves" to be used in future years when either poor earnings or high inflation leave insufficient funds to pay the full portion of dividends and inflation-proofing (the two currently authorized uses for Fund earnings). In this way, the reserves cushion the Fund against sharp fluctuations in income or monetary conditions.

There are two main reasons why the reserves have burgeoned in the recent past — and also two reasons why it is unlikely that this growth will continue into the future.

First, an unusually large percentage of earnings have been held back from distribution by a provision in the enabling act which calls for income to be paid out on the basis of a five-year average. In the early years of the Fund, as assets and income have increased dramatically each

TOTAL EQUITY: \$6,504.2
(in millions)



This chart shows where the money in the Permanent Fund has come from.

year, this provision has had the arithmetic effect of limiting the distribution of income. As the Fund matures, however, the percentage of net income available for distribution will increase.

Second, earnings have been extraordinarily high in the past four years. In each of these years, the Fund's real rate of return — *i.e.*, return after inflation — has been substantially above the target of 3%. A sense of history indicates that such high returns are not sustainable. In fact, the real rate of return for the Fund since inception in 1977 has been 3.8%.

As large as the reserves are, however, they may not be large enough. Current projections, which assume a long-term rate of return for the Fund of 9% and average inflation of 6%, indicate that all of the existing reserves will be needed over the next 15 years to meet future dividend and inflation-proofing needs.

Senator Edna DeVries
Page 2
March 26, 1985

Section 3. The commissioner of Community and Regional Affairs is required to request the transfer of money from the undistributed income account by January 1, if money allocated for the various revenue sharing provisions is not sufficient to fully fund all entitlements.

Section 4. Changes are made to the section dealing with distribution of revenue sharing entitlements to reflect the fact that appropriations are made for a period of two years rather than every year.

Section 5. The base amounts to be distributed under the municipal assistance program are required to be estimated based on a funding cycle of two years and then recalculated every year. The provision requiring that payments be prorated if insufficient funds are appropriated is deleted.

Section 6. If insufficient funds for payments under the municipal assistance program have been appropriated, the commissioner of revenue is required to transfer the amount needed to make up the deficit from the undistributed income account in the Alaska permanent fund.

Section 7. The initial two-year funding cycle for the municipal aid programs dealt with in this bill begins during the coming fiscal year.

Section 8. The bill has an immediate effective date.

TBC:mkr
J13:026

STATEMENT OF CHANGES IN UNDISTRIBUTED INCOME (in millions)

<u>Balance July 1, 1980:</u>	-0-
Add: Net income	\$149.6
Less: Distributable income to General Fund	<u>(90.9)</u>
<u>Balance June 30, 1981:</u>	58.7
Add: Net income	368.4
Less: Distributable income to General Fund	<u>(183.4)</u>
<u>Balance June 30, 1982:</u>	243.8
Add: Net income	471.1
Less: Distributions of income to General Fund and Dividend Fund	(129.9)
Provision for inflation	<u>(231.2)</u>
<u>Balance June 30, 1983:</u>	353.8
Add: Net income	529.5
Less: Provision for 1983 dividends supplement	(11.9)
Provision for 1984 dividends	(163.1)
Provision for 1984 inflation	(150.9)
Provision for future inflation and dividends	(557.3)
<u>Balance June 30, 1984:</u>	-0-
Add: Net income	657.8
Less: Provision for 1985 dividends	(217.3)
Provision for 1985 inflation	(234.6)
Provision for future inflation and dividends	<u>(205.9)</u>
Balance June 30, 1985:	-0-
Balance June 30, 1985 of Reserve for Inflation and Dividends	<u>\$763.3</u>

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§ 29.78.010

MUNICIPAL GOVERNMENT

§ 29.78.010

(1) combine or coordinate the existing emergency services communi-
cations programs of the participating municipalities and agencies;

(2) operate a dispatch center to receive all requests for emergency
services and dispatch those services;

(3) study the need for improvement in the timely delivery of emer-
gency services to residents of the participating municipalities;

(4) hold public hearings to obtain information concerning the timely
delivery of emergency services;

(5) apply for and accept federal, state, municipal, and private money,
property, or assistance for use in providing the timely delivery of emer-
gency services;

(6) enter into contracts to carry out the provisions of this section;
(7) employ personnel necessary to carry out the provisions of this
section.

(d) In this section:

(1) "emergency services" means services provided by law
enforcement agencies, fire departments, ambulance services, and other
organizations that are intended to respond to emergency situations of
imminent danger to life or property;

(2) "state agency" means a department, division, or office in the
executive branch of state government. (§ 2 ch 107 SLA 1981)

Revisor's notes. — As enacted, (d) of graph was deleted and the paragraph
this section contained a paragraph (2) that enacted as (d)(3) was renumbered (d)(2) in
defined "emergency service agency," a 1981.
term not used in the section. That para-

Chapter 78. General Provisions.

Section

10. Definitions

Sec. 29.78.010. Definitions. In this title, unless otherwise pro-
vided, or the context otherwise requires,

(1) "areawide power" means a power of an organized borough exer-
cised throughout the borough;

(2) "borough" means a general law first, second or third class orga-
nized borough;

(3) "city" means a general law first or second class city;

(4) "conditional use" means exception, special exception, special use,
or special permit designated in the zoning ordinance;

(5) "consolidation" means dissolution of two or more municipalities
and their incorporation as a new municipality;

(6) "majority" means a simple majority;

(7) "merger" means dissolution of a municipality and its absorption
by another municipality;

(8) "municipal election" includes but is not limited to elections to
choose city councilmen, borough assemblymen, school board members
and utility board members;

(9) "municipality" means a general law municipal corporation and political subdivision, which is a first or second class borough or city, or a third class borough, incorporated under the laws of the state;

(10) "nonareawide power" means a power of an organized borough exercised by the borough only in the area outside of cities;

(11) "owner", "record owner", or "owner of record" means owner of record or purchaser of record;

(12) "personal property" means tangible property other than real property, such as merchandise and stock in trade, machinery and equipment, furniture and fixtures, motor vehicles and vehicles, boats and vessels and aircraft;

(13) "property" means real and personal property;

(14) "published" means appearing at least once in a newspaper of general circulation distributed within the municipality or, if there is no newspaper of general circulation distributed within the municipality, posting in the public places for at least five days;

(15) "real property" means land and improvements and all possessory rights and privileges appurtenant to the property, and includes personal property affixed to the land or improvements;

(16) "regular election" means the municipal election held on the first Tuesday of October annually, or on an election date or at an interval of years provided by ordinance;

(17) "street" includes streets, avenues, boulevards, roads, lanes, alleys, and other ways;

(18) "subdivision" means the division of a tract or parcel of land into two or more lots, sites, or other divisions for the purpose, whether immediate or future, of sale or building development, includes resubdivision, and, when appropriate to the context, relates to the process of subdividing or to the land or area subdivided;

(19) "voter" means a United States citizen who is qualified to vote in state elections and has been a resident of the municipality for 30 days immediately preceding the election and who is registered to vote in state elections and is not disqualified under art. V of the state constitution (§ 2 ch 118 SLA 1972; am § 7 ch 212 SLA 1976; am § 10 ch 93 SLA 1977)

Revisor's notes. — This section was reorganized in 1984 to place the defined terms in alphabetical order.

NOTES TO DECISIONS

Term "sale" includes agricultural lotteries. *State v. Weidner*, Sup. Ct. Op. No. 2788 (File Nos. 6220, 6240, 6272), P.2d (1984).

Applied in *Liberati v. Bristol Bay Borough*, Sup. Ct. Op. No. 1735 (File No. 3365), 584 P.2d 1115 (1978).

Chapter 88. Municipal Tax Resource Equalization.

Section

10. State equalization of tax resources for local government services
15. Determination of population
20. Determination of millage rate equivalent
25. Reports

Section

30. Limitation on computation and use of payments
35. Tax equalization account
40. Administration
45. Definitions

Cross references. — For statement of purpose of 1980 Act that enacted this chapter, see § 1, ch. 155, SLA 1980 in the Temporary and Special Acts.

Editor's notes. — Section 12, ch. 155, SLA 1980 provides: "(a) Notwithstanding other provisions of secs. 1 — 11 of this act, (1) a municipality may not receive less than \$25,000 plus an area cost-of-living differential during the first fiscal year in which this act is effective, 1980-81; and (2) a municipality which would receive under AS 29.88, added by sec. 2 of this act, less than 125 percent of the amount which it received for the last fiscal year under AS 43.18.010 — 43.18.045, repealed by sec. 11 of this act, is, for each of the first five fiscal years during which secs. 1 — 10 of this act are effective, entitled to receive an amount equal to 125 percent of the amount which it received for the last fiscal year under the former provisions of AS 43.18.010 — 43.18.045 in accordance with these provi-

sions. (b) For the first five fiscal years during which secs. 1 — 10 of this act are effective, in order to pay the amounts required by part of this section, the allocations made by the Department of Community and Regional Affairs to the accounts established in AS 29.88.035, AS 29.89.080, and AS 29.90.020 (now repealed) shall be prorated by an amount which reduces the allocation to each account in equal proportion, and the prorated amounts shall be allocated to these accounts. (c) For the first five fiscal years during which secs. 1 — 10 of this act are effective, payment of an entitlement to a borough under AS 29.88 may be made to a borough only if the borough assembly agrees to allocate to each borough service area in the borough at least the amount of money that the service area received during the last fiscal year under the former provisions of AS 43.18.010 — 43.18.045, in accordance with those provisions."

Sec. 29.88.010. State equalization of tax resources for local government services. (a) During each fiscal year the department shall compute an equalization entitlement for local government services provided by a taxing unit.

(b) The equalization entitlement computed for a taxing unit is based on the population, relative ability to generate revenue, and local tax burden of the taxing unit and is determined by the application of the formula

$$\text{Entitlement} = P \times R$$

where P = population, and

R = millage rate equivalent, determined by dividing the sum of the locally generated revenue of the taxing unit by one-tenth of one percent (0.1) of the full and true value of assessed property of the taxing unit determined under AS 29.88.020(d); however, the property value used under this subsection may not be less than 15 percent of the statewide average per capita full and true assessed property value.

(c) For purposes of this section, locally generated revenue

(1) includes

(A) the actual revenue derived from the levy and collection of local taxes in the taxing unit for local government services during the preceding fiscal year of the taxing unit;

(B) motor vehicle payments received by the municipality during the preceding fiscal year under AS 28.10.431;

(C) revenue from fees, rentals, leases, penalties, licenses or permits received during the preceding fiscal year by the municipality for a function or service over which it has control, including revenues derived from parks and recreation services, mass transit, offstreet parking, and garbage and solid waste disposal services;

(D) special assessments received during the preceding fiscal year; and

(E) payments received by a municipality from a utility which are in place of taxes levied and collected by the municipality;

(2) excludes

(A) revenue derived from the levy and collection of municipal taxes and appropriated for the operating expenses and debt service of utilities;

(B) revenue from interest earned on investments and from the sale and lease of land or equipment; and

(C) all other revenue from whatever service derived. (§ 2 ch 155 SLA 1980)

Sec. 29.88.015. Determination of population. (a) For purposes of this chapter, the population of a taxing unit shall be determined annually by the latest figures of the United States Bureau of the Census or other population data which, in the judgment of the department, is reliable.

(b) The population of the taxing unit includes the population of any military reservation which is a part of the taxing unit. (§ 2 ch 155 SLA 1980)

Sec. 29.88.020. Determination of millage rate equivalent. (a) The department may require a municipality to return a certification, signed by the municipal treasurer or manager and the mayor, which provides an estimate of the locally generated revenue received by the municipality during the preceding fiscal year.

(b) By October 15 of each year, the department shall make an initial determination of the millage rate equivalent of each taxing unit to be used for computing and distributing equalization entitlements for the current fiscal year under this chapter. The department shall base the initial determination on the estimates in the certification returned by a municipality under (a) of this section.

(c) As early as possible, but not later than December 15 of each year, the department shall make a final determination of the millage rate

equivalent of each taxing unit to use to compute and distribute equalization entitlements under this chapter. The department shall base the determination on audits, financial statements and other financial reports prepared and submitted by a municipality. The department shall adjust the locally generated revenue reported by a municipality to exclude the municipal revenue claimed by the municipality which does not qualify for inclusion in or recognition as locally generated revenue for local government purposes under AS 29.88.010(c)(1). The adjustment shall be made by deducting from total revenue claimed by the municipality the amount of the department's estimate of revenue which is not recognized for local government purposes.

(d) The full and true assessed property value shall be determined by the department in the manner provided for the computation of state aid to education under AS 14.17.140. When the determination of locally generated revenue includes revenue of a utility received under AS 29.88.010(c)(1)(E), the full and true assessed property value shall include the computed assessed value of the utility, determined by dividing the amount of the payment in place of taxes made by the utility by the millage rate which would apply to the utility if the utility were subject to levy and collection of taxes under AS 29.53.

(e) In addition to the computation for municipalities which levy and collect a property tax, the department shall determine an estimated full and true assessed property value under (d) of this section for

(1) each municipality which is a school district and which does not levy and collect a property tax;

(2) each second class city with a population of 750 or more persons; however, a computation is not required under this paragraph more often than once during a period of three successive calendar years; and

(3) all other second class cities, by determining the average per capita full and true assessed property value of all cities having a population of less than 750 persons in which an assessment has been completed by a municipality or for which a determination is not made under (1) or (2) of this subsection.

(f) The department shall annually compute a statewide average per capita full and true assessed property value. (§ 2 ch 155 SLA 1980)

Sec. 29.88.025. Reports. A payment of an equalization entitlement may not be made to a municipality under this chapter until the municipality has submitted its certificate of estimated revenue and its financial report to the department for the fiscal year preceding the year for which the equalization entitlement is sought, together with a budget for the municipality's current fiscal year. The financial report shall include a listing of general revenue collected from taxes levied and assessed by the municipality and any other revenue which, in the opinion of the municipal officials, is eligible for inclusion in computations of the locally generated revenue of the taxing unit. (§ 2 ch 155 SLA 1980)

Sec. 29.88.030. Limitation on computation and use of payments. (a) An equalization entitlement generated by the general tax levy of a taxing unit may be used only for authorized expenditures of that taxing unit, but up to 15 percent of the payment of an equalization entitlement generated by areawide revenue of a municipality may be used by the municipality for areawide or nonareawide purposes at the discretion of its assembly or council.

(b) An equalization entitlement determined with reference to revenue other than revenue obtained from the levy and collection of taxes may be used for areawide or nonareawide purposes, at the discretion of the assembly or council. (§ 2 ch 155 SLA 1980)

Sec. 29.88.035. Tax equalization account. The tax equalization account is established. Money to carry out the provisions of this chapter shall be allocated by the department to the account. The amount allocated to the account shall be fully distributed by the department as payments to municipalities to fulfill each municipality's share authorized under AS 29.88.010. The amount allocated to the account shall be distributed by the department pro rata among eligible municipalities. (§ 2 ch 155 SLA 1980)

Sec. 29.88.040. Administration. (a) The department may adopt regulations necessary to implement this chapter. The regulations shall include, among other provisions,

(1) procedures and filing dates for submitting certification and financial reports;

(2) procedures for obtaining information required to compute and determine the municipality's millage rate equivalent; and

(3) procedures by which the department shall notify a municipality in writing of the reasons for a proposed disallowance or adjustment of any factor bearing upon the determination of the municipality's entitlement and by which the municipality will be provided reasonable time in which to respond or to challenge the department's determination.

(b) The department shall make reasonable efforts to advise and assist municipalities in collecting information and completing reports necessary for the determination of entitlements under AS 29.88.010 — 29.88.045.

(c) The department shall, by regulation, classify for inclusion or exclusion as a component of a municipality's millage rate equivalent under AS 29.88.010 any tax revenue appropriated for a utility not included in the definition set out in AS 29.88.045(4). (§ 2 ch 155 SLA 1980)

Sec. 29.88.045. Definitions. In this chapter

(1) "department" means the Department of Community and Regional Affairs;

(2) "municipality" means a city, borough or unified municipality incorporated under the laws of the state;

(3) "taxing unit" means a municipality and

(A) in a borough or unified municipality, a service area or the entire area outside cities;

(B) in a city, a differential tax zone;

(4) "utilities" means electricity, water, sewer, gas, heat, or telephone services, and refuse and garbage collection services. (§ 2 ch 155 SLA 1980)

Chapter 89. State Aid for Miscellaneous Municipal Purposes.

Article

1. Miscellaneous Purposes (§§ 29.89.010 — 29.89.100)
2. Community Facilities Grants (§ 29.89.110)

Article 1. Miscellaneous Purposes.

Section	Section
10. Revenue sharing payable	50. State aid to Native village governments
20. State aid to municipalities for roads	60. Population determination
30. State aid to municipalities and other eligible recipients for health facilities and hospitals	70. Area cost-of-living differential
40. State aid to volunteer fire departments in the unorganized borough	80. Miscellaneous services account
	90. Regulations
	100. Definitions

Sec. 29.89.010. Revenue sharing payable. In addition to the equalization entitlements paid under AS 29.88, during each fiscal year the department shall pay aid

(1) to a municipality or other eligible recipient which has the power to provide the services described in AS 29.89.020 — 29.89.040 and exercises the power in the manner required by this chapter;

(2) to a Native village government under AS 29.89.050. (§ 3 ch 155 SLA 1980)

Sec. 29.89.020. State aid to municipalities for roads. (a) The department shall pay to a municipality which has power to provide for road maintenance and exercises that power, \$2,500 a mile for each mile of road, street or highway maintained by the local government, excluding (1) the official state highway system, (2) roads, streets or highways not dedicated to public use, (3) roads, streets or highways maintained under the local service road program (AS 19.30.111 — 19.30.251), and (4) alleyways, in accordance with regulations adopted by the Department of Transportation and Public Facilities. A payment may not be made under this subsection for maintenance of a road which is not used by automotive equipment.

(b) A frozen waterway and a connection from an inhabited area to a waterway which may be safely used for public transportation by automotive equipment and is so used during a portion of a year is eligible for a payment of \$1,500 per mile if the waterway and connection are maintained during the period of use by a municipality or combination of municipalities. The department, after consultation with the Department of Transportation and Public Facilities, shall determine which waterways and connections qualify and, where the waterways or connections lie outside the corporate limits of a municipality, which municipalities shall receive the payments under this subsection, unless the municipalities involved have agreed in writing to a particular distribution. (§ 3 ch 155 SLA 1980)

Sec. 29.89.030. State aid to municipalities and other eligible recipients for health facilities and hospitals. (a) The department shall pay

(1) to a municipality which has the power to provide hospital facilities and services and which exercises that power, \$1,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the hospital, or \$250,000 a hospital for those hospitals with 10 or more beds, or \$50,000 a hospital for those hospitals with less than 10 beds, as the municipality may elect; money received under this paragraph may be used only for hospitals and shall be apportioned among qualifying hospitals as the municipality determines;

(2) on the basis set out in (1) of this subsection to a municipality for a nonprofit hospital not operated by a municipality if the municipality first certifies to the department that the nonprofit hospital is in compliance with all standards for hospitals which have been adopted by the municipality; money may not be paid on behalf of a nonprofit hospital without this certification; payments to the municipality shall be transferred to the nonprofit hospital in accordance with the basis by which the payment was generated by the hospital, and shall be applied to the annual cost of operation and maintenance of the hospital or for the provision of health care service at the hospital as the directors of the hospital determine;

(3) to a municipality in which a health facility is operated, \$2,000 per bed for each bed actually used for patient care, limited to the number of beds provided for in the construction design of the health facility, or \$8,000 per health facility as the municipality determines.

(b) A hospital may not receive payment under both (a)(1) and (a)(2) of this section.

(c) Money received by a municipality under (a)(3) of this section shall be used for expenses of health services or operation and maintenance of health facilities as the municipality determines.

(d) Before money may be distributed under this section, the commissioner of health and social services shall certify to the commissioner of

community and regional affairs that any accumulation of assets by nonprofit corporations or other recipients under this section is dedicated irrevocably to a public purpose. (§ 3 ch 155 SLA 1980; am §§ 1, 2 ch 103 SLA 1981)

Effect of amendments. — The 1981 amendment substituted "\$250,000" for "\$75,000" preceding "a hospital" and substituted "\$50,000" for "\$25,000" preceding "a hospital" in paragraph (1) of subsection

(a). The amendment also substituted "\$2,000" for "\$1,000" preceding "per bed" and substituted "\$8,000" for "\$1,000" preceding "per health facility" in paragraph (3) of subsection (a).

NOTES TO DECISIONS

For case interpreting the former revenue sharing scheme for hospitals and health care facilities, see Municipality

of Anchorage v. Sisters of Providence in Wash., Inc., Sup Ct Op No 2343 (File No. 5017, 5018, 5020), 628 P.2d 22 (1981).

Sec. 29.89.040. State aid to volunteer fire departments in the unorganized borough. (a) The department shall pay to a volunteer fire department registered with the state fire marshal and serving an area not in an organized borough or city a sum for protection purposes equal to \$10 per capita for the population served by the department, as determined by the state fire marshal.

(b) A grant shall be made under (a) of this section to facilitate the organization of a volunteer fire department in an area not in an organized borough or city, upon application of the proposed fire protection group to the state fire marshal and upon approval of applications according to standards of organization and service prescribed by regulations adopted by the state fire marshal. (§ 3 ch 155 SLA 1980)

Sec. 29.89.050. State aid to Native village governments. The state shall pay \$25,000 to a Native village government for a village which is not incorporated as a city under this title. In this section, "Native village government" means

(1) a local governing body organized by authority of the Act of Congress of 25 U.S.C. 476 (the Act of Congress of June 18, 1934)

(2) a traditional village council or, if there is no traditional village council, the paramount chief or other governing body of a Native village which meets the requirements of 43 U.S.C. 1601-1628 (Alaska Native Claims Settlement Act). (§ 3 ch 155 SLA 1980)

Sec. 29.89.060. Population determination. For purposes of AS 29.89.010 — 29.89.100, population shall be determined by the latest figures of the United States Bureau of the Census or other reliable population data, including but not limited to public school enrollment figures, public utility connection, registered voters or certified employment payrolls. (§ 3 ch 155 SLA 1980)

Sec. 29.89.070. Area cost-of-living differential. (a) Payments to a municipality or other eligible recipient under AS 29.89.020 — 29.89.030 shall reflect area cost-of-living differentials. Payments shall be based upon the sum of per capita, per mile and per bed or facility grants due each municipality or other recipient multiplied by the appropriate area cost-of-living differential. The area cost-of-living differential for each recipient shall be determined annually by election district under the provisions of AS 39.27.030. Application of the area cost-of-living differential may not result in distribution of an amount less than the amount of the payment determined without application of this section.

(b) The election districts used to establish area cost-of-living differentials under (a) of this section are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965. (§ 3 ch 155 SLA 1980)

Sec. 29.89.080. Miscellaneous services account. The miscellaneous services account is established. Money to carry out the provisions of AS 29.89.010 — 29.89.100 shall be allocated by the department to the account in accordance with AS 29.95.010. If amounts in the account are insufficient to pay each municipality's or other recipient's share authorized under AS 29.89.010 — 29.89.100, the amounts which are available shall be distributed pro rata among eligible municipalities and other recipients. (§ 3 ch 155 SLA 1980)

Editor's notes. — Section 12, ch 155, SLA 1980 provides: "(a) Notwithstanding other provisions of secs. 1 — 11 of this act, (1) a municipality may not receive less than \$25,000 plus an area cost-of-living differential during the first fiscal year in which this act is effective, 1980-81; and (2) a municipality which would receive under AS 29.88, added by sec. 2 of this act, less than 125 percent of the amount which it received for the last fiscal year under AS 43.18.010 — 43.18.045, repealed by sec. 11 of this act, is, for each of the first five fiscal years during which secs. 1 — 10 of this act are effective, entitled to receive an amount equal to 125 percent of the amount which it received for the last fiscal year under the former provisions of AS 43.18.010 — 43.18.045 in accordance with those provisions. (b) For the first five fiscal years during which secs. 1 — 10 of this act are

effective, in order to pay the amounts required by (a) of this section, the allocations made by the Department of Community and Regional Affairs to the accounts established in AS 29.88.035, AS 29.89.080, and AS 29.90.020 (now repealed) shall be prorated by an amount which reduces the allocation to each account in equal proportion, and the prorated amounts shall be allocated to these accounts. (c) For the first five fiscal years during which secs. 1 — 10 of this act are effective, payment of an entitlement to a borough under AS 29.88 may be made to a borough only if the borough assembly agrees to allocate to each borough service area in the borough at least the amount of money that the service area received during the last fiscal year under the former provisions of AS 43.18.010 — 43.18.045, in accordance with those provisions."

Sec. 29.89.090. Regulations. The department shall adopt regulations necessary to carry out the purposes of AS 29.89.010 — 29.89.100. The regulations shall include minimum standards required to qualify a municipality or other recipient for payments for each ser-

vice. The department may require a municipality or other recipient to submit a performance report adequate to demonstrate to the department that a service for which payment is requested under AS 29.89.010 — 29.89.100 was performed by the municipality or other recipient and meets minimum standards of service prescribed by regulation. (§ 3 ch 155 SLA 1980)

Sec. 29.89.100. Definitions. In AS 29.89.010 — 29.89.100

(1) "department" means the Department of Community and Regional Affairs;

(2) "health facility"

(A) means a facility which is licensed, when required, by the state under AS 18.20.010 — 18.20.130 and which is owned or operated or both by a municipality or by a nonprofit corporation or other nonprofit sponsor;

(B) includes a public health center, maternity home, community mental health center, facility for the mentally or physically handicapped, nursing home or convalescent center;

(C) excludes a facility operated or wholly supported by the state or the federal government;

(3) "hospital" means a licensed hospital determined by the Department of Health and Social Services to be a general hospital; the term excludes a facility operated or wholly supported by the state or the federal government. (§ 3 ch 155 SLA 1980)

Article 2. Community Facilities Grants.

Section

110. Civic, convention and community recreation centers

Sec. 29.89.110. Civic, convention and community recreation centers. (a) Within the limits of legislative appropriations for the purpose, the state shall make matching grants to local governments or their nonprofit designee equal to 50 per cent of the estimated reasonable costs of land acquisition, planning, and construction of municipal civic, convention and community recreation centers and 50 per cent of the cost of feasibility studies relating to these facilities, in accordance with the provisions of this section.

(b) Grants for only one study and one project may be awarded to a local government under this section. Applications for grants shall be made in a form prescribed by the commissioner. A grant shall be allotted according to an agreement made between the commissioner on behalf of the state and the local government receiving the grant. The agreement may include any provision agreed upon by the parties and shall include in substance the following provisions:

(1) estimates of reasonable costs of a study or project as approved by the commissioner after consultation with the Department of Transportation and Public Facilities Works;

(2) a schedule of grant disbursements, if, as determined by the commissioner, a grant is to be disbursed other than in one sum;

(3) agreement by the local government to

(A) proceed with and complete the proposed study or project expeditiously;

(B) not discontinue operation or dispose of all or part of a project for which it receives a grant without the approval of the commissioner;

(C) apply for, and make reasonable efforts to secure, federal assistance which may be available for the study or project, subject to any conditions the commissioner may require in order to maximize the amounts of that assistance received or to be received for all projects in the state;

(D) provide for payment of the local government's share of the cost of the study or project;

(4) agreement by the local government that, if federal assistance for a study or project becomes available to the local government which was not included in the calculation of the amount of a grant authorized and disbursed under this section, the value of the federal assistance shall be ascertained and subtracted from the total value of the project and the balance shall be equally divided between the state and local government;

(5) provision for alteration or modification of an approved study or project and for remedies in case of failure to perform the agreement between the parties or noncompliance with regulations promulgated by the commissioner under this section;

(6) provision for alteration or modification of an existing facility which would have qualified under this section as a civic, convention or community recreation center at the time of initial construction if this section had been in effect and provision for remedies in case of failure to perform the agreement between the parties or noncompliance with regulations promulgated by the commissioner under this section.

(c) If funds appropriated by the legislature to provide grants under this section are not adequate to satisfy amounts required by approved grant applications, funds shall be allocated on the basis of priority established by the Department of Commerce and Economic Development by regulations promulgated to carry out the provisions of this section.

(d) This section does not require that a local government receiving a grant for a feasibility study under this section must proceed with construction of a project, notwithstanding the project is determined to be feasible.

(e) The commissioner shall require in the negotiations and agreements with the local government that continued maintenance of

the facility is the responsibility of the local government and the local government must show the feasibility of this before authorization of state funds.

(f) The commissioner shall provide an annual report to the legislature with respect to grants made under this section.

(g) The commissioner may adopt regulations to carry out the purpose of this section.

(h) In this section

(1) "commissioner" means the commissioner of commerce and economic development;

(2) "costs of construction" includes, in addition to costs directly related to the project, the sum total of all costs of financing and carrying out the project; these include, but are not limited to, the costs of all necessary studies, surveys, plans and specifications, architectural, engineering or other special services, acquisition of real property, site preparation and development, purchase, construction, reconstruction and improvement of real property and the acquisition of machinery and equipment as may be necessary in connection with the project; an allocable portion of the administrative and operating expenses of the grantee; the cost of financing the project, including interest on bonds issued to finance the project; and the cost of other items, including any indemnity and surety bonds and premiums on insurance, legal fees, fees and expenses of trustees, depositories, financial advisors, and paying agents for the bonds issued as the issuer considers necessary; it does not include the cost of feasibility studies;

(3) "local government" means a city of any class or a borough having power to implement the studies or projects for which grants are authorized in this section. (§ 1 ch 114 SLA 1971; am § 44 ch 71 SLA 1972; am § 26 ch 168 SLA 197E)

Revisor's notes. — Formerly AS 41.18.300. Renumbered in 1983.

The paragraphs in subsection (h) were reorganized in 1984 to place the defined terms in alphabetical order.

Cross references. — For bond issues to

finance improvements under this section that were rejected by the voters, see ch. 150, SLA 1972 and ch. 2, SLA 1973, in the 1972 and 1973 Temporary and Special Acts.

Chapter 90. State Aid for Hospital and Health Facility Construction.

(Repealed, § 10 ch 95 SLA 1983. For present provisions, see § 9, ch 95, SLA 1983, in the Temporary and Special Acts.)

Chapter 95. Administration of Municipal Financial Assistance Programs.

Section

10. Allocation and distribution
20. Qualification for minimum payment
30. Proration of payments

Editor's notes. — Section 12, ch. 155, SLA 1980 provides: "(a) Notwithstanding other provisions of secs. 1 — 11 of this act, (1) a municipality may not receive less than \$25,000 plus an area cost-of-living differential during the first fiscal year in which this act is effective, 1980-81, and (2) a municipality which would receive under AS 29.88, added by sec. 2 of this act, less than 125 percent of the amount which it received for the last fiscal year under AS 43.18.010 — 43.18.015, repealed by sec. 11 of this act, is, for each of the first five fiscal years during which secs. 1 — 10 of this act are effective, entitled to receive an amount equal to 125 percent of the amount which it received for the last fiscal year under the former provisions of AS 43.18.010 — 43.18.015 in accordance with those provisions. (b) For the first five fiscal years during which secs. 1 — 10 of this act are

effective, in order to pay the amounts required by (a) of this section, the allocations made by the Department of Community and Regional Affairs to the accounts established in AS 29.88.035, AS 29.89.080, and AS 29.90.020 (now repealed) shall be prorated by an amount which reduces the allocation to each account in equal proportion, and the prorated amounts shall be allocated to these accounts. (c) For the first five fiscal years during which secs. 1 — 10 of this act are effective, payment of an entitlement to a borough under AS 29.89 may be made to a borough only if the borough assembly agrees to allocate to each borough service area in the borough at least the amount of money that the service area received during the last fiscal year under the former provisions of AS 43.18.010 — 43.18.015, in accordance with those provisions."

Sec. 29.95.010. Allocation and distribution. (a) Each year, the Department of Community and Regional Affairs shall allocate money appropriated to the accounts established in AS 29.88, 29.89.010 — 29.89.100, and former AS 29.90 in the amounts determined by the legislature.

(b) Money in the miscellaneous services account established in AS 29.89.080 which exceeds the amount required to fully fund distributions authorized by AS 29.89.010 — 29.89.100 shall be reallocated to the tax equalization account established in AS 29.88.035 and distributed according to the provisions of AS 29.88.

(c) Money in the hospital construction assistance account established in former AS 29.90.020 which exceeds the amount required to fully fund distributions authorized by former AS 29.90 shall be

reallocated to the tax equalization account established in AS 29.88.035 and distributed according to the provisions of AS 29.88. (§ 5 ch 155 SLA 1980)

Revisor's notes. — In 1984, the word "former" was inserted before references to AS 29.90 in this section to reflect the 1983 repeal of that chapter.

Sec. 29.95.020. Qualification for minimum payment. (a) A municipality qualifying for an entitlement under AS 29.88 or AS 29.89.010 — 29.89.100 shall receive a minimum payment of \$25,000 plus an area cost-of-living differential for each fiscal year if:

(1) the municipality has conducted a regular election under AS 29.28.010 — 29.28.050 during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.88 or AS 29.89.010 — 29.89.100 and has reported the results of the election to the commissioner of the Department of Community and Regional Affairs;

(2) regular council meetings are held in the municipality in accordance with the requirements of AS 29.23.210 during the fiscal year preceding the year for which payment of an entitlement is authorized by AS 29.88 or AS 29.89.010 — 29.89.100 and a record of the proceedings is maintained;

(3) a municipal budget has been adopted for the fiscal year during which payment of an entitlement is authorized by AS 29.88 or AS 29.89.010 — 29.89.100 and an audit or financial statement for the preceding fiscal year has been prepared and furnished to the Department of Community and Regional Affairs in accordance with AS 29.23.560(a); and

(4) local ordinances adopted by the governing body of the municipality have been codified in accordance with AS 29.48.180.

(b) The area cost-of-living differential payable to each municipality under this section shall be determined annually by election district under the provisions of AS 39.27.030. Except as provided in AS 29.95.030, application of the area cost-of-living differential may not result in a payment which is less than the minimum payment determined under (a) of this section. For purposes of this subsection, the election districts used are those designated by the proclamation of reapportionment and redistricting of December 7, 1961, and retained for the house of representatives by proclamation of the governor September 3, 1965.

(c) The Department of Community and Regional Affairs shall pay to each municipality eligible to receive a minimum payment under this section an amount equal to the difference between the minimum payment determined under (a) and (b) of this section and the sum of the amounts payable for the same fiscal year under AS 29.88 and AS 29.89.010 — 29.89.100.

(d) A payment under this section may be prorated and reduced under AS 29.95.030.

(e) Payments under this section shall be made from the money allocated to the tax equalization account established in AS 29.88.035. (§ 5 ch 155 SLA 1980)

Sec. 29.95.030. Proration of payments. (a) Payments under AS 29.95.020 and AS 29.88 shall equal the amount allocated to the tax equalization account (AS 29.88.035), adjusted in accordance with AS 29.95.010.

(b) Adjustments of payments shall be determined by prorating amounts payable under AS 29.95.020 and amounts payable under AS 29.88 by a factor which, when applied, reduces all payments in equal proportion so that payments under AS 29.95.020 and payments under AS 29.88 equal the amount allocated to the tax equalization account established in AS 29.88.035. (§ 5 ch 155 SLA 1980)



Alaska Permanent Fund Corporation

Pouch 4-1000 Juneau, Alaska 99802

TEL 907/465-2047 TLX 079-46-323

M E M O R A N D U M

DATE: September 6, 1983

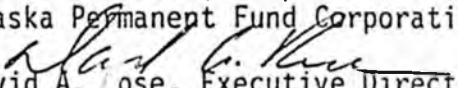
TO: Laura Davis, Assistant Attorney General
Department of Law

Milton B. Barker, Deputy Commissioner
Treasury, Department of Revenue

Vincent Wright, Chief of Research
Department of Revenue

Bill Smart
Price Waterhouse, Anchorage

Peter A. Bushre, Comptroller
Alaska Permanent Fund Corporation

FROM: 
David A. Rose, Executive Director
Alaska Permanent Fund Corporation

SUBJECT: Distributions of Permanent Fund Income

This memorandum will confirm the decisions made at our meeting on Monday, August 29, 1983. The meeting was called to resolve certain questions surrounding interpretations of AS 37.13.140, AS 37.13.145 and Section 15 of Chapter 81, SLA 1982. Specifically, the questions discussed and the decisions agreed upon by everyone present were as follows:

1. Does Sec. 15 of Ch. 81, SLA 82 include a partial distribution of FY 83 earnings? Section 15(a) provides that all of the income earned (including accrued income) prior to July 1, 1982 that was not distributable under prior law is to be transferred to the undistributed income account. The provision includes the portion of FY

81 and FY 82 earnings retained by the Fund (the undistributed portion of current income not distributable on an averaging basis) and accrued income at the end of FY 82. The section further provides that this amount is to be reduced by an amount equal to one-half of FY 83 distributable income, i.e., an amount equal to one-half of FY 83 distributable income is not retained by the Fund in the undistributed income account.

Section 15(b) provides that this amount is to be transferred to the general fund. The history of section 15 is that the legislature wanted a distribution of FY 83 earnings at least equal to the FY 82 accrual basis liability. The amount credited to the undistributed income account would be reduced by the amount of that distribution.

Conclusion: Ch. 81, SLA 82 includes a distribution of FY 83 earnings equal to one-half of distributable income for that year.

2. Is distributable income a cash basis or accrual basis calculation under Sec. 15 of Ch. 81, SLA 82? Section 15(b) provides that distributable income is to be calculated by the formula in AS 37.13.140 before it was amended by Ch. 81, SLA 82. Under prior law, AS 37.13.140 specified that the income of the Corporation was the interest received each fiscal year. Distributable income is a moving average of the income received each fiscal year.

Conclusion: Distributable income is a cash basis calculation under Ch. 81, SLA 82.

3. Is distributable income a cash basis or accrual basis calculation under AS 43.23.045(b)? Subsection (b) provides for the transfer of an amount to the dividend fund from Permanent Fund earnings (or undistributed income if current year earnings are not adequate) equal to one-half of the amount available for distribution. The amount available for distribution is determined by AS 37.13.140 which provides that it is an average of the net income of the Corporation for the last five fiscal years. Net income is defined by that section as being in accordance with generally accepted accounting principles, which is accrual basis income.

Conclusion: Distributable income is an accrual basis calculation

under AS 43.23.045(b).

4. Is net income for the years prior to adoption of Ch. 81, SLA 82, which is used in the calculation of distributable income for FY 83, calculated under current law for years prior to FY 83 or the law in effect when it was earned? AS 37.13.140 before the adoption of Ch. 81, SLA 82 specified that income was the interest received by the Corporation; after the adoption of Ch. 81, SLA 82 it was in accordance with generally accepted accounting principles. Under current law, AS 37.13.140 defines income available for distribution as an average of the net income of the Corporation for the last five fiscal years, and specifies that net income is to be computed in accordance with generally accepted accounting principles. The law makes specific reference to an accrual basis income for each of the five years in the average. Reference to an August 11, 1982 memorandum drafted by Thomas K. Williams which explains the intent of the Trustees revealed that income as calculated under the amendments of Ch. 81, SLA 82 was to be used in each year of the average.

Conclusion: Net income for the years prior to adoption of Ch. 81, SLA 82 used in the calculation of distributable income for FY 83 is determined by current law.

5. Is the liability to the Dividend Fund determined by AS 37.13.140 or by appropriation? The income distributable to the Dividend Fund for FY 83 under AS 37.13.140 is more than the appropriation for FY 83. Reference was made to an opinion of the Attorney General (file: 366-484-83) dated March 10, 1983, which held, in essence, that all or a portion of Permanent Fund earnings can be retained in the Fund by operation of law, but an appropriation is necessary for distributions to any fund other than the general fund.

Conclusion: The liability to the Dividend Fund is the amount of the appropriation.

6. Are earnings on undistributed income included in the calculation of income available for distribution? AS 37.13.145 makes specific reference to the definition of income in AS 37.13.140 as the income

Re: Distributions of Permanent Fund Income
September 6, 1983
Page 4

available for inflation-proofing, excluding the income attributed to the investment of undistributed income. AS 37.13.140 defines income available for distribution as the average net income of the Corporation for the last five fiscal years. The undistributed income account is identified by AS 37.13.145 as an account within the Permanent Fund, and its income is to be treated as an addition to that account.

Generally accepted accounting principles would treat the undistributed income account as corporate retained earnings available for distribution. A dividend or other distribution could be declared at any time by appropriation, but until it is, they are corporate earnings retained for reinvestment.

Conclusion: Earnings on undistributed income are included in the calculation of income available for distribution.

DAR/aef

BILL SHEFFIELD, GOVERNOR

DEPT. OF COMMUNITY & REGIONAL AFFAIRS

OFFICE OF THE COMMISSIONER

September 4, 1985

POUCH B
JUNEAU, ALASKA 99811
PHONE: (907) 465-4700

949 E. 36TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99508
PHONE: (907) 563-1073

The Honorable Edna DeVries
Alaska State Senate
P.O. Box 321
Palmer, AK 99645

Attn: Yvonne Alford

Dear Senator DeVries:

Thank you for notifying our office of your intent to hold Senate Community and Regional Affairs Committee hearings on SB 244 in September and October. The Department will be pleased to assist you and your committee staff by providing knowledgeable staff at each of the six hearings scheduled to be held in Southcentral and Interior Alaska. Tentatively, Mr. Doug Griffin, Deputy Director of the Division of Municipal and Regional Assistance will be in attendance at the Southcentral hearings scheduled for September 24-26. Mr. Griffin or Mr. James Plasman, the State Revenue Sharing/Municipal Assistance program manager, will be on hand for the October 22-24 hearings scheduled for the Interior.

Mr. Royce Weller, Special Assistant in the Department of Revenue assisted us in gathering the information you requested on Municipal Assistance funding over the last five years. Specifically, you requested a comparison between the actual level of appropriation and the formula suggested level for Municipal Assistance distribution. This comparison is as follows:

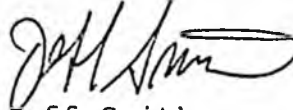
MUNICIPAL ASSISTANCE FUNDING
(in thousands of dollars)

<u>Year</u>	<u>Formula Amount</u>	<u>Actual Appropriation</u>
FY 82	\$87,400.0	\$87,974.6
FY 83	85,630.0	71,300.0
FY 84	70,500.0	70,500.0
FY 85	84,900.0	81,306.8
FY 86	87,900.0	81,306.8

The Honorable Edna DeVries
September 4, 1985
Page 2

I hope this adequately responds to your request. If you need additional information or clarification please feel free to contact this office or Mr. Doug Griffin at 465-4750.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jeff Smith".

Jeff Smith
Deputy Commissioner

Earnings on Undistributed Income

<u>Fiscal Year</u>	<u>Rate of Return</u>	<u>Previous Year's Ending Balance/U.I.A.</u>	<u>Earnings (in Millions)</u>
1982	15.10	58.7	\$ 8.9
83	12.76	243.8	31.1
84	10.89	353.8	38.5
85	11.61	557.4	64.7
86	10.53	763.3	80.4
87	9.0	1,001.1	90.1
88	9.0	997.2	89.8
89	9.0	986.8	88.8
90	9.0	969.4	87.3
91	9.0	952.0	85.7
92	9.0	937.2	84.4
93	9.0	914.8	82.3
94	9.0	884.5	79.6
95	9.0	845.5	76.1
96	9.0	796.6	71.7
97	9.0	737.0	66.3
98	9.0	665.5	59.9
99	9.0	581.3	52.3
2000	9.0	483.2	43.5
2001	9.0	370.0	33.3
2002	9.0	240.6	21.7
2003	9.0	93.3	8.4

Assumptions:

Rate of Return: 1982 - 15.10%
 83 - 12.76
 84 - 10.89
 85 - 11.61
 86 - 10.53
 1987-2003 - 9.0

Inflation: 1982 - 10.37%
 83 - 6.10
 84 - 3.22
 85 - 4.26
 86 - 3.53
 1987-2003 - 6.0

STATE OF ALASKA

AUG 30 1985

THE LEGISLATURE

August 29, 1985

BUDGET AND AUDIT COMMITTEE

FINANCE DIVISION
POUCH WF-STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3795

Senator Edna DeVries, Chairman
Senate Community & Regional Affairs Committee
Box 321
Palmer, Alaska 99645

ATTN: vonne Alford

Dear Senator:

As you requested, I am providing estimates of the Permanent Fund Undistributed Income Account.

Two sets of estimates are provided - - the Mean Case and the Risk Adjusted.

The Mean Case has a probability of 50 percent that the estimate will be that amount or more. Similarly, the Risk Adjusted estimate has a 70 percent probability.

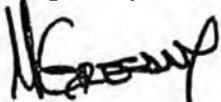
From the attached source tables I have extracted the information specific to your request:

Undistributed Income Account
(\$\$\$ millions)

<u>Fiscal Year</u>	<u>Mean Case</u>	<u>Risk Adjusted</u>
1985	\$ 759.9	\$ 759.9
1986	871.5	871.4
1987	921.0	920.7
1988	1,005.6	1,004.3
1989	1,072.1	1,069.5
1990	1,153.9	1,149.3

Please let us know if Legislative Finance Division can assist further.

Regards,



Mike Greany, Director
Legislative Finance Division

Attachments

MG/se

TABLE 4
State of Alaska
Permanent Fund Earnings & Balance
Mean Case
(millions of nominal \$)

Fiscal Year	Permanent Fund Contributions			Perm Fund Year-End Balance	Perm Fund Earnings	Undist'd Income Account	(1) Dividend Program
	Mineral Revenues	Approp- riations	Inflation Proofing				
76	.0			.0	.0		
77	4.0			4.0	.0		
78	50.5			54.5	1.3		
79	83.9			138.4	6.5		
80	344.8			483.2	23.7		
81	385.1	900.0		1,768.5	149.6	105.1	
82	400.5	800.0		2,969.0	368.6	330.4	
83	421.0	400.0	231.2	4,021.2	471.5	353.3	481.6
84	366.2	300.0	150.9	4,838.3	530.0	557.3	190.9
85	354.3	300.0	234.0	5,726.5	653.9	759.9	163.2
86	309.3		230.9	6,266.8	605.4	871.5	217.4
87	277.8		259.5	6,804.0	594.6	921.0	262.9
88	264.3		310.0	7,378.3	703.3	1,005.6	285.5
89	269.5		364.0	8,011.8	762.5	1,072.1	308.7
90	270.3		394.2	8,675.3	825.1	1,153.9	332.0
91	263.5		425.5	9,365.4	891.6	1,242.3	349.1
92	272.7		458.8	10,096.9	961.6	1,330.7	377.7
93	278.9		515.7	10,891.4	1,085.8	1,443.2	414.4
94	267.7		578.0	11,737.1	1,170.9	1,547.6	452.7
95	269.8		622.0	12,628.8	1,259.7	1,648.4	493.5
Total	5,154.0	2,700.0	4,774.6		11,065.5		4,329.4

(1) FY 83 dividend amount includes an appropriation of \$440.1 million from the General Fund.

Source: "Revenue Sources", Department of Revenue, June 85 mean case.

UNRESTRICTED GENERAL FUND REVENUES

<u>Fiscal Year</u>	<u>Risk Adjusted</u>	<u>Mean Case</u>
1976	709.8	709.8
1977	874.3	874.3
1978	764.9	764.9
1979	1,133.0	1,133.0
1980	2,501.2	2,501.2
1981	3,718.2	3,718.2
1982	4,108.4	4,108.4
1983	3,631.0	3,631.0
1984	3,390.1	3,390.1
1985	3,237.6	3,237.6
1986	2,872.8	2,939.6
1987	2,573.5	2,733.3
1988	2,267.6	2,443.0
1989	2,151.2	2,430.1
1990	2,052.4	2,452.6
1991	1,944.4	2,389.0
1992	1,931.5	2,430.5
1993	1,893.6	2,476.9
1994	1,805.8	2,393.6
1995	1,753.5	2,382.8

TABLE 5
State of Alaska
Permanent Fund Earnings & Balance
Risk-adjusted (30%)
(millions of nominal \$)

Fiscal Year	Permanent Fund Contributions			Perm Fund Year-End Balance	Perm Fund Earnings	Undist'd Income Account	(1) Dividend Program
	Mineral Revenues	Approp- riations	Inflation Proofing				
76	.0			.0	.0		
77	4.0			4.0	.0		
78	50.5			54.5	1.3		
79	83.9			138.4	6.5		
80	344.8			403.2	23.7		
81	385.1	900.0		1,768.5	149.6	105.1	
82	400.5	800.0		2,969.0	368.6	330.4	
83	421.0	400.0	231.2	4,021.2	471.5	353.3	481.6
84	366.2	300.0	150.9	4,838.3	530.0	557.3	190.9
85	353.9	300.0	234.0	5,726.2	653.9	759.9	163.2
86	299.7		230.5	6,256.4	604.9	871.4	217.4
87	254.0		258.1	6,768.5	592.7	920.7	262.9
88	237.1		307.2	7,312.9	698.8	1,004.3	285.3
89	228.3		359.0	7,900.1	754.6	1,069.5	308.0
90	215.5		386.3	8,501.9	812.5	1,149.3	330.5
91	200.8		414.3	9,116.9	872.8	1,234.7	346.4
92	201.7		443.6	9,762.2	935.5	1,319.2	373.2
93	196.7		495.0	10,453.8	1,049.5	1,431.3	407.4
94	185.3		551.1	11,190.2	1,124.4	1,525.1	442.5
95	180.8		589.0	11,960.0	1,202.1	1,619.7	479.5
Total	4,609.8	2,700.0	4,650.1		10,852.9		4,288.6

(1) FY 83 dividend amount includes an appropriation of \$440.1 million from the General Fund.

Source: "Revenue Sources", Department of Revenue, June 85 (30% case).

ALASKA PERMANENT FUND Corporation

Statement of Changes in Fund Balance

For the Years Ended June 30, 1982 and 1981

	<u>Total</u>	<u>Appropriations, Royalties and Other State Receipts</u>	<u>Undistributed Income</u>
Balance, July 1, 1980	\$ 483,208,000	\$ 483,208,000	
Appropriations from State of Alaska General Fund	900,000,000	900,000,000	
Royalties and other state receipts	385,128,000	385,128,000	
Investment income	149,867,000		\$149,867,000
Transfer of net investment gains to principal		219,000	(219,000)
Distributable income due to State General and Segregated Funds	<u>(90,904,000)</u>		<u>(90,904,000)</u>
Balance, June 30, 1981	1,827,299,000	1,768,555,000	58,744,000
Appropriation from State of Alaska General Fund	800,000,000	800,000,000	
Royalties and other state receipts	400,522,000	400,522,000	
Investment income	368,426,000		368,426,000
Distributable income due to State General and Segregated Funds	<u>(183,411,000)</u>		<u>(183,411,000)</u>
Balance, June 30, 1982	\$3,212,836,000	\$2,969,077,000	\$243,759,000

See accompanying notes to financial statements

Note 5 — Amount Due to the State General and Segregated Funds:

The amount due to the State General and Segregated Funds is determined on the basis of the current year's distributable income as provided by statute adjusted for actual cash distributions and prior year's accrued amount due to the Funds. Summarized below is the activity for the fiscal years ended June 30, 1982 and 1981.

Balance, July 1, 1980			\$ 19,669,000
Add: 1981 accrual of distributable income			90,904,000
Less: Cash transfers made —			
Amounts transferred applicable to 1980	\$ (19,669,000)		
Amounts transferred applicable to 1981	<u>(43,565,000)</u>	<u>(63,234,000)</u>	
Balance, June 30, 1981			47,339,000
Add: 1982 accrual of distributable income			183,411,000
Less: Cash transfers made —			
Amounts transferred applicable to 1981	(47,339,000)		
Amounts transferred applicable to 1982	<u>(94,592,000)</u>	<u>(141,931,000)</u>	
Balance, June 30, 1982			\$ 88,819,000

Note 6 — Administrative Expenses (Unaudited):

Administrative and other expenses are paid by the State of Alaska General Fund and are not included in the accompanying statements. The related budget and actual expenses for 1982 and budgeted expenses for 1983 for operations of the Permanent Fund Corporation are as follows (unaudited):

	<u>1982</u>		<u>1983</u>
<u>Budget</u>		<u>Actual</u>	<u>Budget</u>
\$450,500		\$391,200	\$3,070,500

Alaska Permanent Fund Corporation

Statement of Changes in Fund Equity
For The Years Ended June 30, 1983 and 1982

	<u>Total</u>	<u>Contributed Equity</u>	<u>Undistributed Income</u>
Balance, June 30, 1981	\$1,827,299,000	\$1,768,555,000	\$ 58,744,000
Appropriations from the State	800,000,000	800,000,000	
Dedicated state revenues	400,522,000	400,522,000	
Investment income	368,426,000		368,426,000
Distributions of income	<u>(183,411,000)</u>		<u>(183,411,000)</u>
Balance, June 30, 1982	3,212,836,000	2,969,077,000	243,759,000
Appropriations from the State	400,000,000	400,000,000	
Dedicated state revenues	420,957,000	420,957,000	
Net income from operations	471,125,000		471,125,000
Distributions of income	<u>(129,882,000)</u>		<u>(129,882,000)</u>
Provision for inflation		<u>231,192,000</u>	<u>(231,192,000)</u>
Balance, June 30, 1983	<u>\$4,375,036,000</u>	<u>\$4,021,226,000</u>	<u>\$353,810,000</u>

See accompanying notes to financial statements

Income Distributable to the State of Alaska

	<u>Total</u>	<u>Dividend Fund</u>	<u>General Fund</u>
Balance, June 30, 1981	\$ 47,339,000	\$ 23,670,000	\$ 23,669,000
Add: 1982 accrual of distributable income	<u>183,411,000</u>	<u>91,706,000</u>	<u>91,705,000</u>
	<u>230,750,000</u>	<u>115,376,000</u>	<u>115,374,000</u>
Less: Cash transfers - Applicable to 1981 accruals	(47,339,000)	(23,670,000)	(23,669,000)
Applicable to 1982 accruals	<u>(94,592,000)</u>	<u>(47,296,000)</u>	<u>(47,296,000)</u>
	<u>(141,931,000)</u>	<u>(70,966,000)</u>	<u>(70,965,000)</u>
Balance, June 30, 1982	88,819,000	44,410,000	44,409,000
Add: 1983 accrual of distributable income	<u>217,410,000</u>	<u>107,875,000</u>	<u>109,535,000</u>
	<u>306,229,000</u>	<u>152,285,000</u>	<u>153,944,000</u>
Less: Cash transfers applicable to 1982	(1,291,000)	(646,000)	(645,000)
Transition rule adjust- ment	<u>(87,528,000)</u>	<u>(43,764,000)</u>	<u>(43,764,000)</u>
	<u>(88,819,000)</u>	<u>(44,410,000)</u>	<u>(44,409,000)</u>
Balance, June 30, 1983	<u>\$217,410,000</u>	<u>\$107,875,000</u>	<u>\$109,535,000</u>

	<u>Total</u>	<u>Dividend Fund</u>	<u>General Fund</u>
<u>1983 Provision Charged To:</u>			
Earnings on undistributed income	\$ 31,104,000	\$ 31,104,000	
Balance of undistributed income	<u>98,778,000</u>	<u>33,007,000</u>	<u>\$ 65,771,000</u>
Sub-total	129,882,000	64,111,000	65,771,000
Transition rule adjustment	<u>87,528,000</u>	<u>43,764,000</u>	<u>43,764,000</u>
Income distributable to the State	<u>\$217,410,000</u>	<u>\$107,875,000</u>	<u>\$109,535,000</u>

Income Distributable to the State of Alaska

	<u>Total</u>	<u>Dividend Fund</u>	<u>General Fund</u>
Balance due, June 30, 1982	\$ 88,819,000	\$ 44,410,000	\$ 44,409,000
Add: 1983 appropriation and transition rule liability	<u>217,410,000</u>	<u>107,875,000</u>	<u>109,535,000</u>
	<u>306,229,000</u>	<u>152,285,000</u>	<u>153,944,000</u>
Less: Cash transfers-- Applicable to 1982 Transition rule adjustment	<u>(1,291,000)</u>	<u>(646,000)</u>	<u>(645,000)</u>
	<u>(87,528,000)</u>	<u>(43,764,000)</u>	<u>(43,764,000)</u>
	<u>(88,819,000)</u>	<u>(44,410,000)</u>	<u>(44,409,000)</u>
Balance due, June 30, 1983	<u>217,410,000</u>	<u>107,875,000</u>	<u>109,535,000</u>
Add: 1983 supplemental appropriation	11,869,000	11,869,000	
1984 appropriations	<u>163,116,000</u>	<u>163,116,000</u>	
	<u>174,985,000</u>	<u>174,985,000</u>	
Less: Cash transfers-- Applicable to 1983	<u>(229,279,000)</u>	<u>(119,744,000)</u>	<u>(109,535,000)</u>
Applicable to 1984	<u>(7,986,000)</u>	<u>(7,986,000)</u>	
	<u>(237,265,000)</u>	<u>(127,730,000)</u>	<u>(109,535,000)</u>
Balance due, June 30, 1984	<u>\$155,130,000</u>	<u>\$155,130,000</u>	<u>\$</u>

Note 8 - Contributed Equity:

The principal balances of the Alaska Permanent Fund at June 30, 1984 and 1983 are as follows:

	<u>June 30,</u>	
	<u>1984</u>	<u>1983</u>
Dedicated state revenues	\$2,056,217,000	\$1,690,034,000
Appropriations from the State	2,400,000,000	2,100,000,000
Cumulative provision for inflation	<u>382,127,000</u>	<u>231,192,000</u>
	<u>\$4,838,344,000</u>	<u>\$4,021,226,000</u>

In 1980, the State Legislature appropriated \$900,000,000 from general fund revenues to the Permanent Fund. This appropriation has been paid in full. In 1981, the Legislature appropriated an additional \$1,800,000,000 from general fund revenues to the Permanent Fund. This appropriation bill directs the Commissioner of Revenue to make monthly deposits of general fund operating surplus until the balance is reached. As of June 30, 1984, \$1,500,000,000 (June 30, 1983, \$1,200,000,000) of this appropriation had been deposited in the Permanent Fund.

ALASKA PERMANENT FUND CORPORATION
STATEMENT OF CHANGES IN FUND EQUITY
FOR THE YEARS ENDED JUNE 30, 1985 AND 1984

	<u>Total</u>	<u>Contributed Equity</u>	<u>Reserve for Inflation and Dividends</u>	<u>Unrealized Loss on Common Stock</u>	<u>Undistributed Income</u>
Balance, June 30, 1983	\$4,375,036,000	\$4,021,226,000			\$ 353,810,000
Appropriations from the State	300,000,000	300,000,000			
Dedicated State revenues	366,183,000	366,183,000			
Net income from operations	529,457,000				529,457,000
Provision for 1983 dividend supplement	(11,869,000)				(11,869,000)
Provision for 1984 dividends	(163,116,000)				(163,116,000)
Provision for 1984 inflation		150,935,000			(150,935,000)
Allowance for unrealized loss on common stock	(20,871,000)			\$(20,871,000)	
Provision for future inflation and dividends			\$557,347,000		(557,347,000)
Balance, June 30, 1984	5,374,820,000	4,838,344,000	557,347,000	(20,871,000)	
Appropriations from the State	300,000,000	300,000,000			
Dedicated State revenues	368,027,000	368,027,000			
Net income from operations	657,761,000				657,761,000
Citizen contributions	1,000	1,000			
Provision for 1985 dividends	(217,274,000)				(217,274,000)
Provision for 1985 inflation		234,570,000			(234,570,000)
Recovery of unrealized loss on common stock	20,871,000			20,871,000	
Provision for future inflation and dividends			205,917,000		(205,917,000)
Balance, June 30, 1985	<u>\$6,504,206,000</u>	<u>\$5,740,942,000</u>	<u>\$763,264,000</u>	<u>\$</u>	<u>\$</u>

See accompanying notes to financial statements

Income Distributable to the State of Alaska

	<u>Total</u>	<u>Dividend Fund</u>	<u>General Fund</u>
Balance due, June 30, 1983	\$ 217,410,000	\$ 107,875,000	\$ 109,535,000
Add: 1983 supple- mental appro- priation	11,869,000	11,869,000	
1984 appro- priations	<u>163,116,000</u>	<u>163,116,000</u>	
	<u>174,985,000</u>	<u>174,985,000</u>	
	<u>Total</u>	<u>Dividend Fund</u>	<u>General Fund</u>
Less: Cash trans- fers- Applicable to 1983	(229,279,000)	(119,744,000)	(109,535,000)
Applicable to 1984	<u>(7,986,000)</u>	<u>(7,986,000)</u>	
	<u>(237,265,000)</u>	<u>(127,730,000)</u>	<u>(109,535,000)</u>
Balance due, June 30, 1984	155,130,000	155,130,000	
Add: 1985 appro- priation	217,274,000	217,274,000	
Less: Cash trans- fers - Applicable to 1984	<u>(155,130,000)</u>	<u>(155,130,000)</u>	
Balance due, June 30, 1985	<u>\$ 217,274,000</u>	<u>\$ 217,274,000</u>	<u>\$</u>

7. CONTRIBUTED EQUITY:

The principal balances of the Alaska Permanent Fund at June 30, 1985 and 1984 are as follows:



Official Business

Alaska State Legislature

Senate

Pouch V
State Capitol
Juneau, Alaska 99811

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ALASKA
PERMANENT FUND CORPORATION 22, 1985

Mr. David Rose
Executive Director
Alaska Permanent Fund Corporation
Pouch 4-1000
Juneau, Alaska 99802

Dear Mr. Rose:

As a member of the Senate Finance Committee, I have spent considerable time and effort attempting to determine which state revenues are available of appropriation, and which are not. It is my understanding the Department of Revenue segregates funds which the State receives into three basis categories:

1. Unrestricted revenues--which are paid into the General Fund and may be appropriated for any purpose.
2. Restricted revenues--which are funds received for a specific purpose and primarily originate from the Federal government.
- 3: Special Fund revenues--which are funds received into statutorily established funds such as the International Airports Revenue Fund. These funds may or may not be available for appropriation and be treated as General Funds. I have attempted to determine into which category the Undistributed Income Account for the Permanent Fund falls. Logically, one would think that it would fall into the "Special Fund Revenues" category. However, in reviewing the Department of Revenue's last quarterly report, a listing for the undistributed Income Account is not shown. Neither is it listed in the "Restricted Revenues" nor in the "Unrestricted Revenues" categories of the quarterly report.

Therefore, I am confused as to the true nature of the undistributed Income Account. To clarify this issue, would you please answer the following questions:

PAGE 2

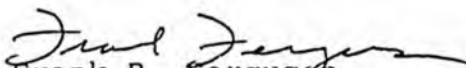
1. Is the Undistributed Income Account a dedicated fund, unavailable for appropriation?
2. Is the Undistributed Income Account an a count within the Permanent Fund, and therefore unavailable for appropriation?
3. If not then aren't the funds in the Undistributed Income Account simply General Funds bearing a different label?
4. If the Undistributed Income Account is simply a bookkeeping category for monies within the General fund, why aren't they listed as "Unrestricted Revenues?"
5. The March revenue forecast predicts an FY 1986 balance in the Undistributed Income Account of \$877 million, and increase of nearly \$140 million over the January forecast.

I understand that your office may have a forecast for the Undistributed Income account which predicts higher balances for both the short-and long-term.

Would you please send me the answers to the above questions and your office's predictions for FY 1986 through FY 2000 for the Undistributed Income Account?

Thank you for your assistance and corporation on this matter.

Sincerely,


Frank R. Ferguson
Alaska State Senator

FRF/cc



Alaska Permanent Fund Corporation

Pouch 4-1000 Juneau, Alaska 99802

TEL 907/465-2047 TLX 099-46-323

April 24, 1985

The Honorable Frank R. Ferguson
Alaska State Senator
Pouch V
State Capitol
Juneau, AK 99811

Dear Senator Ferguson:

Thank you for your letter of inquiry dated April 22, 1985 pertaining to the Undistributed Income Account. Answers are keyed to the questions posed as follows:

Q # 1. Is the Undistributed Income Account a dedicated fund, unavailable for appropriation?

According to legal counsel, the Undistributed Income Account is a partially dedicated fund (see attached letter from Office of the Attorney General, dated March 10, 1983). It is: (1) available for appropriation for any lawful purpose; (2) available to make up any shortfall in dividend payments subject to appropriation; and (3) available to make up any shortfall in inflation-proofing transfers to the corpus of the Fund, without appropriation.

* * *

Q # 2. Is the Undistributed Income Account within the Permanent Fund, and therefore unavailable for appropriation?

The Undistributed Income Account is an account within the Permanent Fund but does not constitute part of the "corpus" of the Fund. Thus, it is subject to appropriation while the "corpus" is not.

AS 37.13.145 states, in part, "...The balance of the net income as defined in AS 37.13.140 shall be transferred to the undistributed income account in the Alaska Permanent Fund" (emphasis added).

* * *

Q # 3. If not, then aren't the funds in the Undistributed Income Account simply General Funds bearing a different label?

Section 15, Article IX, the constitutional amendment which created the Permanent Fund states in part:

"...All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law" (emphasis added).

AS 37.13.145 specifically directs this income to the Undistributed Income Account in the Permanent Fund. Without these provisions, of course, income would automatically flow to the General Fund. More than just a label appears to be involved since substantive law was deliberately written to prohibit automatic flow to the General Fund.

* * *

Q # 4. If the Undistributed Income Account is simply a bookkeeping category for monies within the General Fund, why aren't they listed as "Unrestricted Revenues?"

The Undistributed Income Account is not simply a bookkeeping category for monies within the General Fund, as previously stated. The Undistributed Income Account is a holding account for prior years' income not used for dividends or inflation-proofing. All income of the current year is added to the account during the year. At the close of the year, dividend payments and inflation-proofing are subtracted from the account. If there is a balance, it is carried forward. The Trustees have designated the balance in the Undistributed Income Account as a "reserve for dividends and inflation-proofing." This designation by the Trustees treats the account in a manner similar to other corporations' "retained earnings" -- a buffer to be utilized in poor earnings years. The Trustees' designation, however, does not infer that these funds may not be appropriated. See Resolution 84-12 in the attached memorandum.

* * *

The Corporation makes projections each month. The current projection sheet (attached) reflects the following:

1. The Undistributed Income Account at June 30, 1985 is expected to be \$757.1 million.

Senator Frank R. Ferguson
April 24, 1985
Page 3

2. The balance of the Undistributed Income Account will be drawn down to zero to meet dividend and inflation-proofing by the year 1999, assuming an annual earnings rate of 9 percent and an inflation rate of 6 percent.

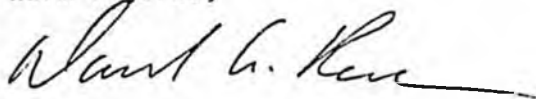
The Corporation's projections are more conservative than the Department of Revenue's because we assume a slightly higher long-term rate of inflation and a slightly lower real rate of return over time. The actual balance of the Undistributed Income Account on June 30, 1986 will depend on the actual earnings of the Corporation during the next fiscal year and on the actual inflation rate for 1985.

As I review your letter, it appears that the income held in the Undistributed Income Account after meeting the dual obligations of dividend payments and inflation-proofing transfers is unique.

I have also enclosed a recent memorandum, prepared by staff for the information of the Trustees, which describes the Undistributed Income Account, its purpose and how it works.

If you have further questions or need better clarity of explanation, please do not hesitate to contact me.

Warm regards,



David A. Rose
Executive Director

DAR/bn

Attachment

ALASKA PERMANENT FUND CORPORATION

FINANCIAL PROJECTIONS AS OF 4/15/85

-----PRINCIPAL: ACTUAL & PROJECTED----- (in billions)						-----INCOME: ACTUAL & PROJECTED----- (in millions)								
Beginning FY Balance	Dedicated Appro- riations	State Revenues*	Inflation Proofing Balance	Ending Balance	Inflation Adjusted Proofing Shortfall	Ending Balance	Net Income	Distributions			Reserves		Total Assets	
								Inflation Dividends	State General Fund	Trans. Adj.**	Add (Delete)	Balance		
78		54.4		54.4		54.4	1.8			1.3	.5			55.0
79	54.4	84.1		138.5		138.5	8.0			6.6	1.4			140.5
80	138.5	344.4	.3	483.2		483.2	32.4	11.8	.3	11.9	8.5			502.9
81	483.2	900.0	.2	1,768.5		1,768.5	149.9	27.5	.2	27.5	36.0	59.7	58.7	1,874.6
82	1,768.5	800.0		2,969.0		2,969.0	358.4	71.1		71.1	41.1	185.1	243.8	3,301.7
83	2,969.0	400.0	231.2	4,021.2		4,021.2	471.1	107.9	231.2	109.5	(87.5)	110.0	353.8	4,593.0
84	4,021.2	300.0	150.9	4,839.3		4,839.3	529.5	175.0	150.9			203.6	557.4	5,530.8
85	4,839.3	300.0	234.2	5,730.8		5,730.8	650.9	217.0	234.2			199.7	757.1	6,704.9
86	5,730.8	307.6	362.3	6,400.7		6,400.7	625.9	264.6	362.3			(1.0)	756.1	7,421.4
87	6,400.7	283.9	401.1	7,085.6		7,085.6	687.8	296.5	401.1			(9.8)	746.3	8,128.4
88	7,085.6	273.7	441.6	7,800.9		7,800.9	751.0	324.5	441.6			(15.1)	731.2	8,856.6
89	7,800.9	267.1	484.1	8,552.1		8,552.1	816.7	353.2	484.1			(20.6)	710.6	9,615.9
90	8,552.1	256.1	528.5	9,336.7		9,336.7	985.0	376.6	528.5			(20.1)	690.5	10,403.8
91	9,336.7	237.1	574.4	10,148.2		10,148.2	955.1	409.7	574.4			(28.0)	562.5	11,220.4
92	10,148.2	237.3	623.1	11,008.6		11,008.6	1,030.0	443.9	623.1			(37.0)	625.5	12,078.0
93	11,008.6	229.5	674.3	11,912.4		11,912.4	1,107.2	479.5	674.3			(46.6)	578.9	12,970.8
94	11,912.4	218.0	727.8	12,858.2		12,858.2	1,187.5	516.6	727.8			(56.9)	522.0	13,896.8
95	12,858.2	207.8	784.0	13,850.0		13,850.0	1,270.7	555.2	784.0			(68.5)	453.5	14,858.7
96	13,850.0	202.5	843.2	14,895.7		14,895.7	1,357.5	595.3	843.2			(81.0)	372.5	15,863.5
97	14,895.7	199.6	905.7	16,001.0		16,001.0	1,448.3	637.1	905.7			(94.5)	278.0	16,916.1
98	16,001.0	197.4	971.9	17,170.3		17,170.3	1,543.4	680.7	971.9			(109.2)	168.8	18,019.8
99	17,170.3	195.0	1,041.9	18,407.2		18,407.2	1,643.2	726.3	1,041.9			(125.0)	43.8	19,177.3
0	18,407.2	187.3	1,017.5	19,612.5	98.2	19,710.7	1,747.7	774.0	1,017.5			(43.8)		20,386.5
1	19,612.5	267.8	1,036.5	20,916.8	156.3	21,073.1	1,860.9	824.4	1,036.5					21,741.2

* Source: Alaska Department of Revenue

** Chapter 81, SGA 1982, Sec. 15(b)

ASSUMPTIONS: 30% CASE FORECAST - 3rd Qtr FY85

-
- 25% Pre-1980 Contribution Rate
- 50% Post-1979 Contribution Rate
- 4.25% Inflation FY85
- 10.76% Return FY85
- 6% Average Inflation FY85-FY00
- 5% Average Return FY86-FY00




Alaska Permanent Fund Corporation

Pouch 4-1000 Juneau, Alaska 99802

TEL 907/465-2047 TLX 099-46-323

MEMORANDUM

DATE: February 25, 1985
TO: Trustees
FROM:  Jim Kelly
Research & Liaison Officer
SUBJECT: The Undistributed Income Account

In response to legislative questions about the Undistributed Income Account, I have compiled the attached set of documents which describe its purpose and how it works, particularly in regard to inflation-proofing.

A) Resolution 83-2: Describes the purpose of the Permanent Fund and acknowledges the Trustees' fiduciary obligation to protect the principal of the Fund from the effects of inflation.

B) Resolution 84-12: Describes the purpose of the Undistributed Income Account and designates it as a reserve for inflation and dividends.

C) Resolution 83-8: Defines the term "principal balance" as used by the Corporation in the computation for inflation proofing.

D) Memorandum of September 23, 1983: Provides a legal review of Resolution 83-8 by the Attorney General and makes it clear that money in the Undistributed Income Account is "available for appropriation, or for reinvestment pursuant to AS 37.13.145 in a year when the current income earned on principal of the fund is insufficient to offset the effect of inflation in that year".

E) Legislative Budget and Audit Committee Resolution of January 17, 1984: Supports and approves Resolution 83-8 of the Board of Trustees of the Alaska Permanent Fund Corporation.

Undistributed Income Account
February 25, 1985
Page 2

F) Resolution 83-7: Adopts the U.S. Consumer Price Index as the index to be used in the computation for inflation-proofing.

G) Excerpt from the 1984 Annual Report: Describes the rate of inflation for each year from 1977-1984.

H) Resolution 83-11: Defines the term "net income" to include both the earnings on the principal of the Fund and the earnings of the Undistributed Income Account.

I) Alaska Statutes: Sections 37.13.140-145 describe State law pertaining to income of the Permanent Fund.

JK/bn

RESOLUTION OF THE BOARD OF TRUSTEES
OF THE ALASKA PERMANENT FUND CORPORATION REGARDING
THE PURPOSE OF THE PERMANENT FUND

RESOLUTION NO. 83-2


WHEREAS, the people of the state created the Alaska Permanent Fund by constitutional amendment in 1976, requiring that "...at least..." 25 percent of mineral royalties and related income be set aside for "...income-producing investments..." to benefit all generations of Alaskans, and

WHEREAS, the enabling law for the management and investment of the Permanent Fund directs the Trustees "...to maintain safety of principal while maximizing...disposable income..." AS 37.13.020(2) and (3),

NOW THEREFORE BE IT RESOLVED that the Trustees acknowledge the Permanent Fund to be an inviolate trust and recognize their prime obligation to be the protection of principal, not only against inordinate risk to current worth but also against the impact of inflation on future worth. They will honor this obligation by observing the Prudent Investor Rule in judging the quality and reasonable diversification of the Fund's investments (AS 37.13.120(a) and (c)) and in defending the rule of retaining sufficient income to offset the effects of inflation on principal, and

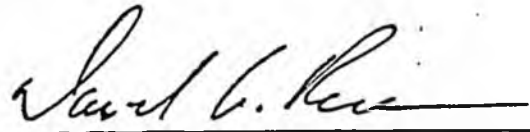
BE IT FURTHER RESOLVED, the Trustees recognize their obligation to provide maximum disposable income for the uses of the people of Alaska, as such uses may be designated by law. They will honor this obligation by pursuing an investment policy which offers the highest possible investment yield commensurate with minimal risk.

PASSED AND APPROVED by the board of trustees of the Alaska Permanent Fund Corporation, this 30th day of March, 1983.



Dr. George Rogers, Chairman
Board of Trustees
Alaska Permanent Fund Corporation

ATTEST:



David A. Rose, Executive Director

RESOLUTION OF THE BOARD OF TRUSTEES
ALASKA PERMANENT FUND CORPORATION
PERTAINING TO THE DESIGNATION OF A CONTINUING
RESERVE OF UNDISTRIBUTED INCOME FOR THE PURPOSE
OF FUTURE INFLATION IMPACT AND DIVIDEND PAYMENTS

RESOLUTION 84-12

WHEREAS, section 37.13.145 of the Alaska Statutes provides that net income of the Alaska Permanent Fund Corporation not required to offset the impact of inflation on principal during the previous fiscal year, and not appropriated for the payment of dividends during the current fiscal year, shall be held in an undistributed income account by the Alaska Permanent Fund Corporation; and

WHEREAS, the Legislature of the State of Alaska has defined the purpose of the undistributed income account as a reserve to insure a stable source of income from which the real earning power of the Fund can be sustained, and from which dividend payments and other distributions appropriated by the Legislature can be made; and

WHEREAS, dividend payments are the only distributions of net income currently defined by the Alaska Statutes; and

WHEREAS, the Board of Trustees is granted full authority to manage the assets of the Alaska Permanent Fund Corporation, including the undistributed income account, by the provisions of section 37.13.040 of the Alaska Statutes; and

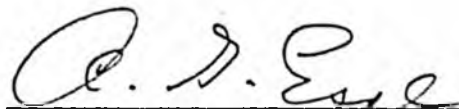
WHEREAS, the Board of Trustees have a fiduciary responsibility to provide for the future impact of inflation and for future distributions of net income by designating reserves of undistributed income; and

WHEREAS, regardless of accounting treatment, said account is subject to legislative appropriation pursuant to section 37.13.145 of the Alaska Statutes;

WHEREAS, the Board of Trustees believes that it is sound public policy and incumbent upon them as fiduciaries to designate such reserves;

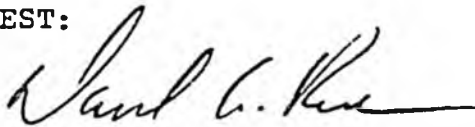
NOW THEREFORE BE IT RESOLVED, that the balance of the undistributed income account shall be designated as a reserve to offset the future impact of inflation on the principal of the Permanent Fund and for the future payment of dividends.

PASSED AND APPROVED by the Board of Trustees of the
Alaska Permanent Fund Corporation, this 21st day of September,
1984.



A.G. Espe, Chairman
Board of Trustees
Alaska Permanent Fund Corporation

ATTEST:



David A. Rose, Executive Director

c

RESOLUTION OF THE BOARD OF TRUSTEES
OF THE ALASKA PERMANENT FUND CORPORATION
DEFINING THE TERMS "PRINCIPAL BALANCE" AS UTILIZED BOTH
IN THE COMPUTATION FOR INFLATION PROOFING AND FOR
COMPUTATION OF EARNED INCOME OF THE UNDISTRIBUTED
INCOME ACCOUNT

RESOLUTION 83-8

WHEREAS, an end-of-year calculation must be made to determine the amount of money to be retained for inflation proofing; and

WHEREAS, another end-of-year calculation must be made to determine the amount of money represented by income earned on the Undistributed Income Account which will be placed in a restricted sub-account; and

WHEREAS, both calculations must be based on a single-point-in-time valuation of the corpus of each account identified as a "principal balance"; and

WHEREAS, the Trustees desire to establish the definition of each "principal balance" for the above stated calculations;

NOW THEREFORE BE IT RESOLVED that the Trustees direct the Executive Director to utilize the following definition of "principal balance" for the purpose of inflation proofing calculations:

THE PRINCIPAL BALANCE OF THE PERMANENT FUND

That balance of the Fund at the end of each fiscal year that is to be protected from the ravages of future inflation. This sum is comprised of all:

1. Constitutional and statutory contributions to the Fund since its inception;
2. Special appropriations paid to the Fund since its inception;
3. All prior "inflation proofing" funds retained.


AND BE IT FURTHER RESOLVED that the Trustees direct the Executive Director to utilize the following definition of "principal balance" for the purpose of computing income earned on the Undistributed Income Account so that the appropriate amount of funds can be removed from the income of commingled investments, segregated for reporting purposes and placed into the Undistributed Income Account:

THE PRINCIPAL BALANCE OF THE UNDISTRIBUTED INCOME ACCOUNT

That balance of the Undistributed Income Account which has been invested, along with Permanent Fund revenues on a commingled basis, during the entire fiscal year just ended. This is the sum reported

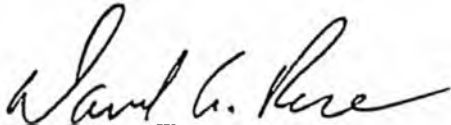
in the prior-year audited financial statements of the Alaska Permanent Fund Corporation for the Undistributed Income Account. This balance will include, as of the end of the prior year, all accrued interest payable regardless of when paid and all transfers due from the Permanent Fund regardless of when transfer has actually taken place.

PASSED AND APPROVED by the Board of Trustees of the Alaska Permanent Fund Corporation, this 22nd day of July, 1983.



Chairman, Board of Trustees
Alaska Permanent Fund Corporation

ATTEST:



David A. Rose, Executive Director

MEMORANDUM

State of Alaska

TO: David Rose, Executive Director DATE: September 23, 1983
 Alaska Permanent Fund Corporation

FILE NO: 366-104-84

TELEPHONE NO: 465-3600

FROM: Norman C. Gorsuch SUBJECT: Resolution defining
 Attorney General principal balance

By: *Laura L. Davis*
 Laura L. Davis
 Assistant Attorney General
 Governmental Affairs-Juneau

At your request, I have reviewed resolution no. 83-8 of the board of trustees of the Alaska Permanent Fund Corporation, which addresses the method of determining annually (1) the amount of income to be reinvested to offset the effect of inflation and (2) the amount of income to be credited to the undistributed income account. I believe the resolution is a reasonable interpretation of AS 37.13.145. However, I see a few potential questions or problems which could be avoided by changes to this resolution. In addition, I recommend that you adopt it in the form of a regulation as authorized by AS 37.13.205.

First, AS 37.13.145 provides for the reinvestment as principal of "an amount sufficient to offset the effect of inflation on principal of the Alaska permanent fund during that year, as measured by a nationally recognized index." The resolution provides that this amount shall be determined with reference to the principal balance at the end of each year (i.e., including all deposits to principal made during the year). The resolution does not specify the "nationally recognized index" to be used.

The permanent fund will continue to receive regular monthly deposits to principal as provided by both constitution and statute as long as the state receives revenue from mineral lease rentals, royalties, and royalty sale proceeds, and federal mineral revenue sharing payments. Alaska Const. art IX, § 15; AS 37.13.010. As long as the principal is growing, it may overcompensate somewhat for the effect of inflation on the principal during the year to use the year end principal balance as a referent. A more precise figure could be obtained by using an average monthly principal balance or using a sum of monthly computations. 1/ However, the statute does not establish a precise stan-

1/ For example, you could provide that the "amount sufficient to offset the effect of inflation on principal" means the sum of the amounts which are calculated for that purpose at the end of each month during a fiscal year, and based on the principal balance at

dard, but simply requires reinvestment of an amount "sufficient to offset the effect of inflation."

The concept of inflation itself is a composite of economic circumstances rather than a unitary force or event capable of precise measurement. The board is not required to select a method which will minimize the amount of income to be reinvested. 2/ The resolution adopts a simple and convenient method of calculation which will use the regular accounting practice of the corporation and will result in the reinvestment of an amount sufficient to offset the effect of inflation on the principal of the fund.

If this resolution were challenged in a legal action, the court would use one of two standards of judicial review. If it determined that the board's interpretation of AS 37.13.145 either involved the formulation of fundamental policy or required particular administrative expertise, it would inquire only whether the resolution has a rational or reasonable basis. Kelly v. Zamarello, 486 P.2d 906 (Alaska 1971). Otherwise, the court would exercise its independent judgment to determine whether the board's interpretation of AS 37.13.145 is correct. Union Oil Co. v. Dept. of Revenue, 560 P.2d 21, 23 (Alaska 1977); State v. Aleut Corp., 541 P.2d 730, 736 (Alaska 1975). Under the former standard, we expect the resolution would be sustained. Under the latter standard, the result is less predictable. 3/

1/ Cont....

the end of each month in accordance with the definition of principal balance as stated in the resolution.

2/ Had the legislature intended to limit the trustees' discretion or to minimize the amount to be reinvested, it could easily have provided for reinvestment of an amount "no more than that sufficient to offset inflation." There is no indication that the legislature intended this result. The pertinent part of AS 37.13.145 was added to SB 684 by amendment on the floor of the Senate on May 6, 1982 without debate. 1982 S. Jour. at 1178. (Tape recording of Senate proceedings on May 6, 1982, Alaska State Film Library.)

3/ The Alaska Supreme Court has found that decisions regarding the allocation of scarce fishery resources and procedures for disposal of state land do not involve fundamental policy formulation or require particular administrative expertise. CFEC v. Templeton, 598 P.2d 77 (Alaska 1977); State v. Aleut Corp., 541 P.2d at 736. We expect that the court would find no fundamental

As a practical matter, regardless of which test applies, the result may depend on the magnitude of the actual financial consequences. 4/ If the difference between the amount to be reinvested pursuant to this resolution and the amount estimated using an average monthly balance or a sum of monthly calculations were insignificant, the resolution would undoubtedly be sustained. On the other hand, if the difference were so large as to substantially interfere with the use of the fund income for other purposes, the resolution would probably be found to be inconsistent with AS 37.13.145. We cannot say that the present estimated difference of \$34 million in the context of total net income of \$471 million is insignificant. However, the total amount to be reinvested pursuant to the resolution is still less than one-half of the net income of the fund. This amount should be sufficient to offset the effect of inflation on principal without interfering with the permanent fund dividend program under AS 43.23 or other uses of the income chosen by the legislature. If the monthly principal deposits to the fund are relatively uniform or declining, this situation would remain. However, if the deposits to principal increase toward the end of a fiscal year, the difference between the amount reinvested pursuant to the resolution and the amount otherwise estimated as suggested above could become more significant. We believe that the resolution reasonably interprets this aspect of the statute under present circumstances but that the likelihood of avoiding or surviving a potential legal challenge could be enhanced by using a monthly average or series of monthly figures for the principal balance.

Second, AS 37.13.145 provides that the balance of net income after the reinvestment to offset inflation is deposited in an undistributed income account. Income generated by that account accrues to that account. AS 37.13.145. The resolution defines "principal balance of the undistributed income account" to mean the amount credited to the account in the prior year's financial statement, including "all accrued interest payable re-

3/ Cont....

policy issue involved or particular expertise needed to determine the amount needed to offset the effect of inflation and would use its independent judgment to interpret the statute.

4/ We understand that the amount to be reinvested for fiscal year 1983 in accordance with this resolution is approximately \$231 million, and that the amount estimated using an average monthly principal balance is \$34 million less. The total net income of the corporation for fiscal year 1983 is approximately \$471 million.

David Rose, Executive Director
Alaska Permanent Fund Corporation
366-104-84

September 23, 1983
Page 74

ardless of when paid and all transfers due from the Permanent Fund regardless of when transfer has actually taken place." This apparently means that income due the undistributed income account is measured using the prior year end balance of that account as a referent and using the accrual method of accounting, which is adopted by implication as part of "generally accepted accounting principles" under AS 37.13.140. While this appears to be a reasonable interpretation of AS 37.13.145, we see some potential for confusion in the wording of the resolution.

The resolution uses the term "principal balance of the undistributed income account." "Principal" is used in the applicable constitutional and statutory provisions only to refer to the principal of the fund, which is constitutionally dedicated for permanent prudent investment, and may not be appropriated or used for any other purpose. Alaska Const art. IX, § 15; AS 37.13.020, 37.13.145. It would be preferable to avoid using the term "principal balance" in connection with the undistributed income account. In addition, the resolution refers to transfers due "from the Permanent Fund." This is somewhat confusing since AS 37.13.145 refers to the undistributed income account as being "in the Alaska permanent fund." As we understand it, the undistributed income account consists of all that money generated as income by the fund which is neither reinvested pursuant to AS 37.13.145, nor appropriated or dedicated (to the extent that a dedication is constitutionally permitted under article IX, section 7). This money is available for appropriation, or for reinvestment pursuant to AS 37.13.145 in a year when the current income earned on principal of the fund is insufficient to offset the effect of inflation in that year.

These sources of confusion could be avoided by revising the resolution so that it defines or implements only the precise terms used in AS 37.13.145. In addition, we suggest that the board consider promulgating a regulation under AS 37.13.205 to give this resolution the force and effect of law. This would ensure that interested persons have the opportunity to comment on the board's interpretation of AS 37.13.145, and may increase the deference or weight given to the board's interpretation if it is challenged. Please let us know if you would like any further assistance in this matter.

LLD/pjg

cc: Members of the board of trustees

State of Alaska

E

211 CUSHMAN STREET
FAIRBANKS, ALASKA 99701
907-452-3421
907-452-3471



ROOM 500, CAPITOL BUILDING
POUCH V
JUNEAU, ALASKA 99811
907-465-4984

LEGISLATIVE BUDGET & AUDIT COMMITTEE
REP. ROBERT BETTISWORTH, CHAIRMAN

RECEIVED
JAN 25 1984

ALASKA
PERMANENT FUND CORPORATION

DATE: January 17, 1984
TO: Dave Rose, Executive Director
Alaska Permanent Fund Corporation
FROM: Rep. Robert Bettisworth, Chairman
Legislative Budget & Audit Committee
SUBJECT: Resolution 83-8

Please be advised that at the January 12, 1984 meeting of the Legislative Budget and Audit Committee, the Committ passed a resolution sustaining resolution 83-8 of the Board of Trustees of the Alaska Permanent Fund Corporation.

A copy of said resolution is enclosed.

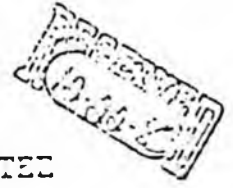
A handwritten signature in cursive script that reads "R. B. Bettisworth".

Rep. Robert Bettisworth, Chairman
Legislative Budget & Audit Committee

encl.

RESOLUTION

OF THE LEGISLATIVE BUDGET AND AUDIT COMMITTEE



WHEREAS the Board of Trustees of the Alaska permanent fund has found it necessary to define the term "principal balance" as used in the statutory computation of "inflation-proofing" and the computation of earned income on the undistributed income account of the permanent fund; and

WHEREAS the Board of Trustees has elected to use a balance fixed at a single point in time rather than an averaged balance to define the term "principal balance"; and

WHEREAS, on July 22, 1983, the Board of Trustees adopted Resolution 83-8, approving the single balance method for computing "principal balance" for purposes of implementing the provisions of the Alaska Statutes with regard to the Alaska permanent fund; and

WHEREAS the Executive Director of the Alaska Permanent Fund Corporation requested an opinion from the Attorney General on Resolution 83-8; and

WHEREAS, on September 23, 1983, the requested opinion indicated that Resolution 83-8 is a reasonable interpretation of the Alaska Statutes; and

WHEREAS the Executive Director of the Alaska Permanent Fund Corporation has requested that this committee sustain

RESOLUTION OF THE BOARD OF TRUSTEES
OF THE ALASKA PERMANENT FUND CORPORATION
PERTAINING TO DETERMINATION OF A NATIONALLY RECOGNIZED INDEX
FOR THE RETENTION OF CERTAIN EARNINGS ("INFLATION PROOFING")

RESOLUTION 83-7

WHEREAS, Alaska Statute 37.13.145 provides:

"At the end of each fiscal year, an amount sufficient to offset the effect of inflation on principal of the Alaska permanent fund during that year, as measured by a nationally recognized index, shall be transferred from net income as defined in AS 37.13.140, excluding income on the undistributed income account in the Alaska permanent fund, to the principal of the Alaska permanent fund for reinvestment."; and


WHEREAS, the Trustees have reviewed the philosophy and composition of the United States Consumer Price Index calendar year average for all urban consumers and the Gross National Product Implicit Price Deflator as set forth in a Memorandum of the Executive Director on the subject dated July 22, 1983; and

WHEREAS, the Trustees desire to adopt an index which (i) accurately measures the impact of inflation on the Alaska Permanent Fund, and (ii) is generally recognized as a representative measure of inflation throughout the nation;

NOW THEREFORE BE IT RESOLVED that the Trustees adopt the United States Consumer Price Index calendar year average for all urban consumers as the index to calculate the impact of inflation as required by AS 37.13.145;

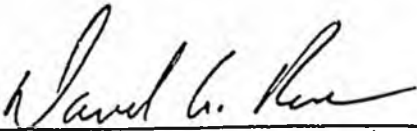
AND BE IT FURTHER RESOLVED that the Trustees direct the Executive Director to utilize the percentage change in that index for the preceding calendar year just ended as the basis for calculation on June 30 of each year.

PASSED AND APPROVED by the Board of Trustees of the Alaska Permanent Fund Corporation, this 22nd day of July, 1983.



Chairman, Board of Trustees
Alaska Permanent Fund Corporation

ATTEST:



David A. Rose, Executive Director



Alaska Permanent Fund Corporation
Pouch 4-1000 Juneau, Alaska 99802
TEL 907/465-2047 TLX 099-46-323

M E M O R A N D U M

DATE: July 22, 1983

TO: Trustees

FROM: David A. Rose, Executive Director

SUBJECT: Inflation Proofing Index

It is recommended that the Consumer Price Index (CPI) calendar year average for all urban consumers be selected as the inflation proofing index of the Alaska Permanent Fund Corporation. The background to this recommendation and a review of the two major indices are outlined below. A schedule of annual inflation rates for the past ten years is also attached.

BACKGROUND

AS 37.13.145 directs the Trustees to select a nationally recognized index for inflation proofing, but does not specify which. The choice is at the discretion of the Trustees as long as the index (i) accurately measures the impact of inflation, and (ii) is generally recognized as a representative measure of inflation throughout the nation.

The most frequently cited measures of national inflation are the CPI (which we recommend) and the Gross National Product Implicit Price Deflator (GNP Deflator). Each of them weights the prices of goods and services according to predetermined criteria and are known as representative measures of inflation, but they are very dissimilar in character and in the results which they produce.

CONSUMER PRICE INDEX

The CPI measures changes in price of certain economic goods and services using base year consumption patterns. The most widely used version of the CPI reflects the consumption patterns of all urban consumers.

Advantages

- °Most accurate measure of changes in price.
- °Most widely recognized measure of inflation.

Trustees
July 22, 1983
Page 2

- °Covers the price of everything people buy for living.
- °Includes imports (e.g. petroleum) which have a significant impact on consumption patterns.

Disadvantages

- °Housing is treated as a commodity subject to annual consumption.
- °Ignores changes in consumption patterns.
- °Luxury items are overweighted and necessities are underweighted.
- °Limited to specific population groups.
- °Does not distinguish price change from price movement due to change in quality.
- °Does not measure trends in national output.
- °Averages the consumption patterns of many population groups.
- °More volatile than the GNP Deflator.

GNP DEFLATOR

The GNP Deflator is a weighted average of each item in the national output using current period consumption patterns. Changes in the GNP Deflator reflect both changes in composition of output and changes in prices.

Advantages

- °Most comprehensive measure of trends in the national economy.
- °Change in the level of GNP closely reflects change in the level of economic activity.
- °Less volatile than CPI.

Disadvantages

- °Not recognized by the general public.
- °Tends to underestimate changes in price.
- °Mixes changes in composition with changes in price.
- °Does not measure true domestic consumption; excludes imports.

AVERAGE ANNUAL
INFLATION INDEXES: RATES OF INCREASE
1972 - 1982

<u>Year</u>	<u>GNP Deflator</u>	<u>CPI</u>
1972	4.1	3.3
1973	5.8	6.2
1974	9.7	11.0
1975	9.6	9.1
1976	5.2	5.8
1977	6.0	6.5
1978	7.3	7.7
1979	8.8	11.3
1980	8.0	13.5
1981	9.4	10.4
1982	6.0	6.1

Alaska Permanent Fund Corporation

A Public Trust Investing For Alaska's Future

Alaska Permanent Fund Realized Rates of Return 1984 - 1977 (Percent)			
<u>Year</u>	<u>Nominal</u>	<u>Inflation</u>	<u>Real</u>
1984	10.89	3.22	7.67
1983	12.76	6.10	6.66
1982	15.10	10.37	4.73
1981	16.00	13.52	2.48
1980	11.29	11.26	.03
1979	8.24	7.66	.58
1978	7.53	6.45	1.08
1977*	5.54	5.77	(.23)

*Four months ended 12/31/77

The inflation rate used consistently by the Trustees is the published U. S. Consumer Price Index previous calendar year average for all urban consumers.

RESOLUTION OF THE BOARD OF TRUSTEES
OF THE ALASKA PERMANENT FUND CORPORATION
REPEALING RESOLUTION 83-9 DEFINING "NET INCOME"
AND ADOPTING A REPLACEMENT DEFINITION

RESOLUTION 83-11

WHEREAS, the Trustees adopted Resolution 83-9 on July 22, 1983 defining "net income" for purposes of income averaging; and

WHEREAS, the resolution was further reviewed at a meeting on August 29, 1983 attended by representatives of the Department of Law, Department of Revenue, Permanent Fund Staff, and accountants Price Waterhouse (Memorandum of September 6, 1983 is attached hereto); and

WHEREAS, aforementioned representatives now believe that Resolution 83-9 improperly interprets AS 37.13.140 and AS 37.13.145 taken in full context; and

WHEREAS, generally accepted accounting principles would, more properly, treat the undistributed income account as corporate retained earnings available for distribution;

NOW THEREFORE, BE IT RESOLVED that the Trustees repeal their approval of Resolution 83-9 dated July 22, 1983; and

BE IT FURTHER RESOLVED that the Trustees determine that earnings on undistributed income are earnings of the Corporation; and

BE IT FURTHER RESOLVED that the Trustees direct the Executive Director to account for "net income" and utilize same for the calculation of "net income available for distribution" in such a manner as to include both earnings on the corpus of the Fund and earnings on the undistributed income account.

PASSED AND APPROVED by the Board of Trustees of the Alaska Permanent Fund Corporation, this 27th day of September, 1983.

Steve Cowper, Chairman
Board of Trustees
Alaska Permanent Fund Corporation

ATTEST:

David A. Rose, Executive Director

RESOLUTION OF THE BOARD OF TRUSTEES
OF THE ALASKA PERMANENT FUND CORPORATION
DEFINING "NET INCOME" FOR PURPOSES OF INCOME AVERAGING

RESOLUTION 83-9

WHEREAS, AS 37.13.140 specifies in part:

"Sec. 37.13.140. Income. Net income of the corporation must be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses. Income available for distribution equals the average net income of the corporation for the last five fiscal years, including the fiscal year just ended, ..."; and

WHEREAS, the Statute does not specifically include or exclude earnings on the Undistributed Income Account from the term "net income"; and

WHEREAS, the Trustees wish to clarify the terminology as it has a bearing on calculations of income available for distribution; and

WHEREAS, earnings on the Undistributed Income Account are calculated separately and are restricted in that they cannot be utilized for inflation proofing; and

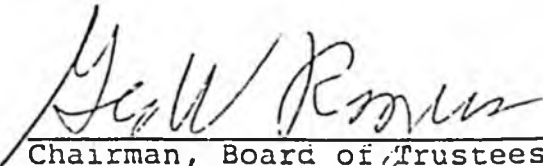
WHEREAS, these earnings are in investment and custody status with the Corporation and not subject to its use;

NOW THEREFORE, BE IT RESOLVED that the Trustees determine that the term "net income" as used in AS 37.13.140 pertains to the net income earned from the investment of those funds belonging to the Alaska Permanent Fund which it considers its corpus and over which it has total ownership, control and use; and

BE IT FURTHER RESOLVED that the Trustees determine that the net income of other funds such as the Undistributed Income Account which are invested on a commingled basis, shall be separately computed and applied to its respective parent account or fund as appropriate; and

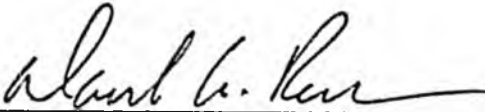
BE IT FURTHER RESOLVED that the Trustees direct the Executive Director to account for "net income" and utilize same in computations required by AS 37.13.140 in such a manner as to exclude earnings on the Undistributed Income Account from "net income" and thus also exclude these earnings from computations involving "income available for distribution."

PASSED AND APPROVED by the Board of Trustees of the Alaska Permanent Fund Corporation, this 22nd day of July, 1983.



Chairman, Board of Trustees
Alaska Permanent Fund Corporation

ATTEST:



David A. Rose, Executive Director