



NORTHWEST TERRITORIES
LEGISLATIVE ASSEMBLY
TERRITOIRES DU NORD-OUEST
ASSEMBLÉE LÉGISLATIVE

MEETING GO 52-20-25

STANDING COMMITTEE ON GOVERNMENT OPERATIONS

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WEDNESDAY, JUNE 11, 2025
EAGLE ROOM, LEGISLATIVE ASSEMBLY
1:30 PM

AGENDA

1. Call to Order
2. Prayer/Reflection
3. Review and Adoption of Agenda
4. Declarations of Conflict of Interest
5. Public Matters
 - a) *NWT Heritage Fund Act* statutory review: public briefing with Deven Mitchell, Executive Director and Chief Executive Officer, Alaska Permanent Fund Corporation
6. In Camera Matters
 - a) Debrief
 - b) Internal briefing on Bill 29, First Responders Workers' Compensation Amendment Act
 - c) Committee business: Bill 22, Legislation Act
 - d) Correspondence review:
 - i. 2025-05-26 – Minister of Education, Culture, and Employment – Confidential
 - ii. 2025-06-04 – Minister Responsible for the Northwest Territories Power Corporation – Confidential
7. New Business
8. Date and Time of Next Meeting: Friday, June 13, 2025 at 1:30 p.m.
9. Adjournment



APFC

ALASKA PERMANENT
FUND CORPORATION

Northwest Territories Legislative Assembly
Standing Committee on Government Operations

Sovereign Wealth Fund Perspectives from Alaska

Respect – Protect - Provide

June 2025

From Initial Finite Wealth to Renewable Financial Resource

A Decade of Action

1969

The Prudhoe Bay lease sale brings more than \$900 million to the State for drilling rights

1974

Pipeline Construction Begins

1976

Alaska voters approve Constitutional Amendment establishing the Permanent Fund
2/3rds margin 75,588 to 38,518

1977

The Permanent Fund receives its first deposit of dedicated oil royalties totaling \$734,000

It wasn't until 1980 that the Legislature determined how the Permanent Fund would be used.



FY 1970 state budget: \$173M.
This \$900M was expended before the initial deposit in 1977.

1976-1980: Debate

After four years of discussion with Alaskans and experts from around the world, the Legislature decided the Alaska Permanent Fund would be...

An Investment Fund

Converting a non-renewable resource into a renewable financial resource to benefit all generations of Alaskans.

- In 1980, the Alaska Permanent Fund Corporation was established to manage and invest the assets of the permanent fund and other funds designated by law in accordance with Alaska Statutes 37.13.010-37.13.190.

Dividend Program

The Permanent Fund Dividend program was also established in 1980 to share a portion of the state's resource wealth with Alaskans.



INVESTMENT FUND

To be used for income-producing investments, with the earnings available for legislative appropriation

OR...

DEVELOPMENT BANK

To be used for economic development projects in Alaska

Respect

Alaska Constitution Article IX, Section 15 Alaska Permanent Fund

At least twenty-five percent 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.



A Legacy of Intergenerational Contribution

Alaskans chose to permanently forgo immediate use of at least 25% of oil and mineral revenues, saving and investing it to create a renewable financial resource to benefit generations — the Alaska Permanent Fund.

Today, the Fund –

- **Leads the Nation**

The largest U.S. sovereign wealth fund, globally recognized as a model for converting finite natural resources into lasting wealth.

- **Supports Alaska**

Provides over 50% of the state's unrestricted general fund revenue for dividends and essential services through the annual Percent of Market Value (POMV) draw.

The Purpose of the Alaska Permanent Fund

Legislative Findings: AS 37.13.020.

- the fund should provide a means of conserving a portion of the state's revenue from mineral resources to benefit all generations of Alaskans;
- the fund's goal should be to maintain safety of principal while maximizing total return;
- the fund should be used as a savings device managed to allow the maximum use of disposable income from the fund for purposes designated by law.

Permanent Savings

Maximum Risk-Adjusted Returns

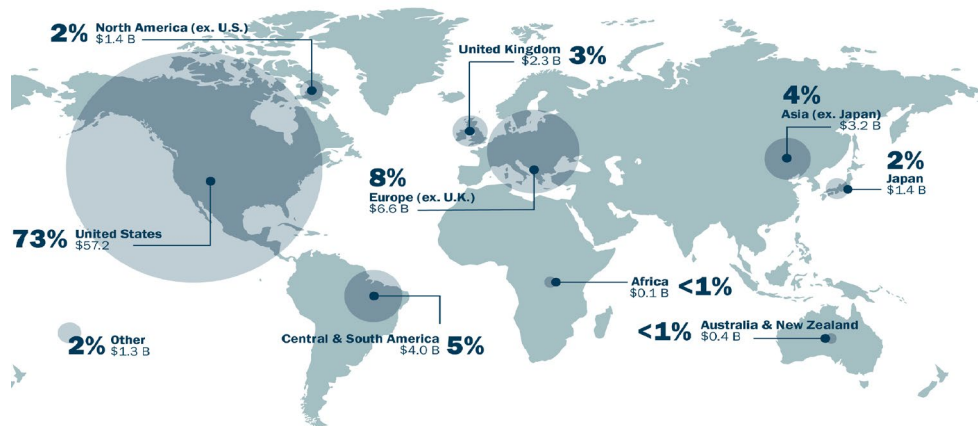
Use of Earnings: Driven by Legislation

Diversification

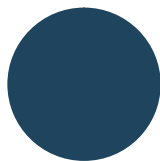
APFC seeks to balance the goals of maximizing returns and minimizing risks.

Risk Management

The goal of risk management is not to avoid risk but to identify, understand, and manage it to acceptable levels.



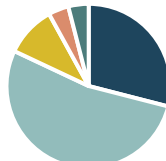
1980



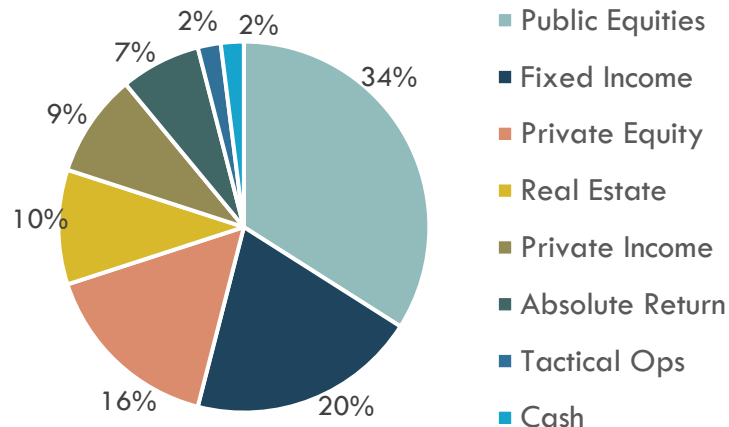
1990



2006



2025 Target Allocation

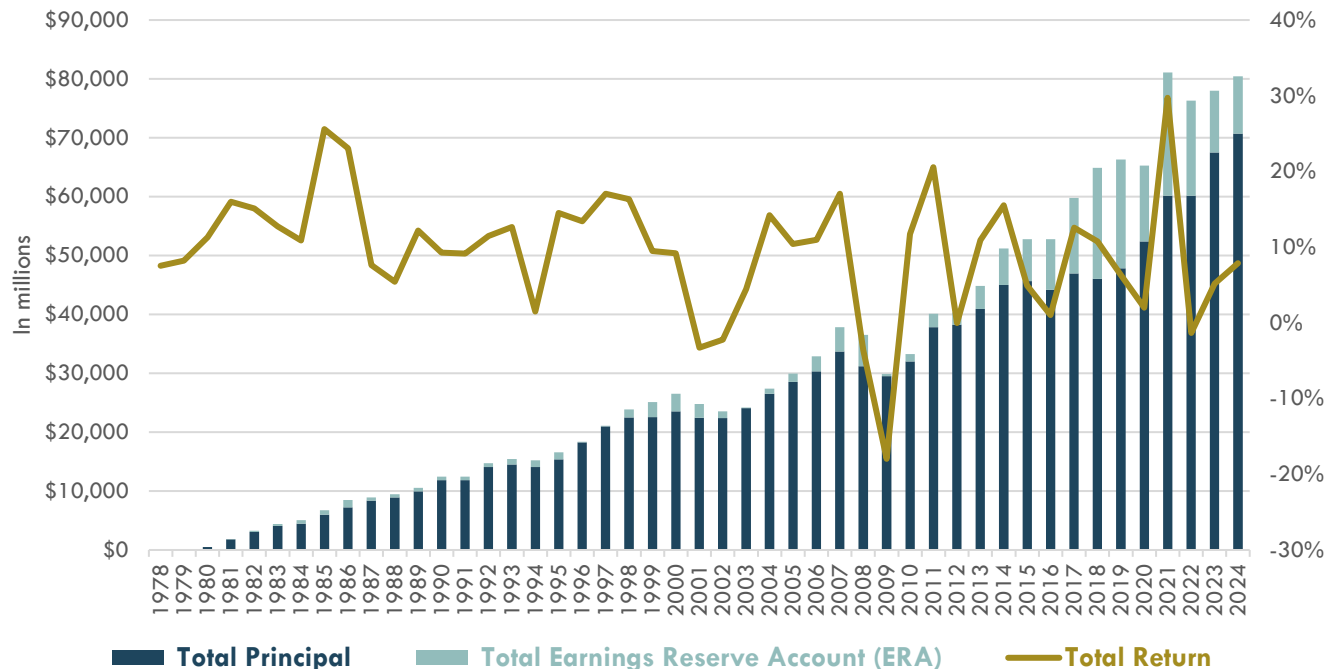


Values & Returns

8.72% annualized total return through FY24

PRINCIPAL is Constitutionally established for permanent savings to be used only for income-producing investments.

The **ERA** is statutorily established to hold investment net income and be available for appropriation.



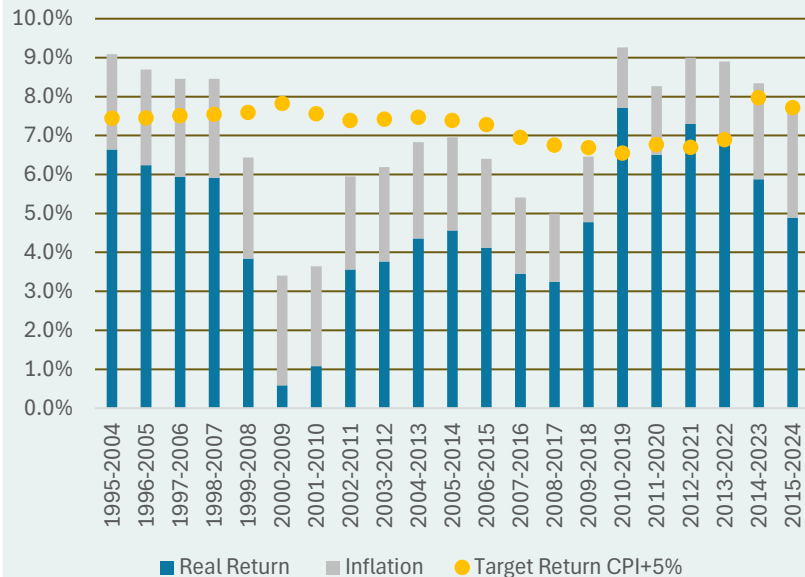
Investing for the Long Term

Target: A maximum risk-adjusted return of inflation (CPI) + 5% over a 10-year period.

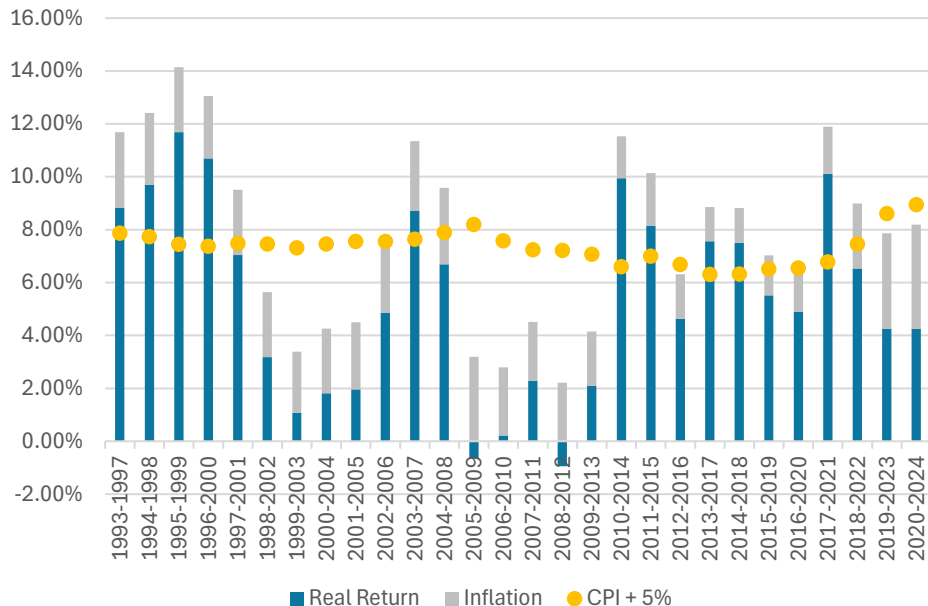
Real Return = Total Return – Inflation (CPI)

Annual investment performance, when adjusted for inflation, demonstrates ongoing value & purchasing power.

10 year returns



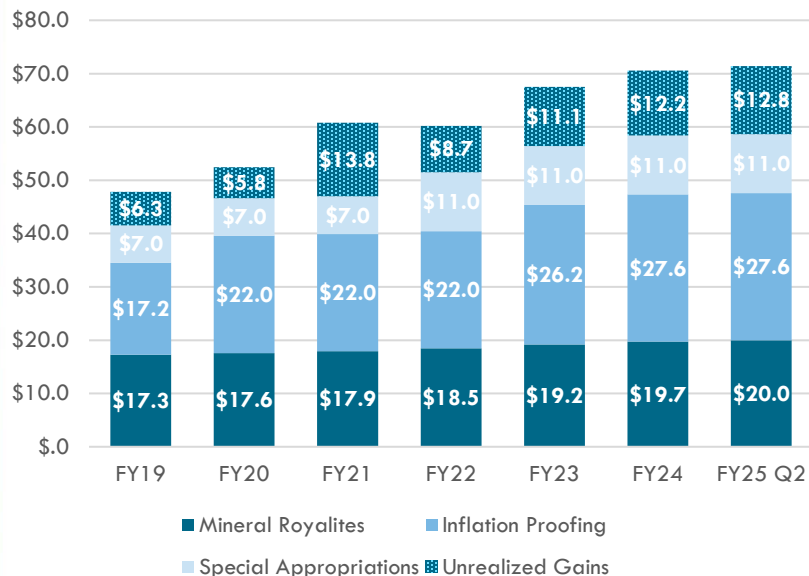
5 year returns



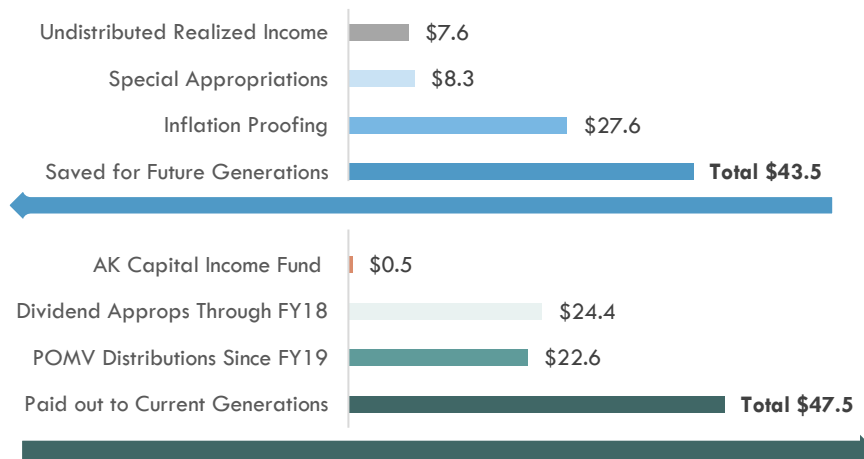
Savings and Inflation Proofing

Royalty revenues, along with earnings that have been appropriated and reinvested through annual inflation-proofing and ad-hoc special appropriations, have positively influenced the Principal's growth.

Contributions to the Principal
FY19-FY25 Q2 in \$Billions



Uses of Fund Earnings
Since Inception in \$Billions



Alaska's Largest UGF Revenue Source

FY26 POMV Draw Calculation

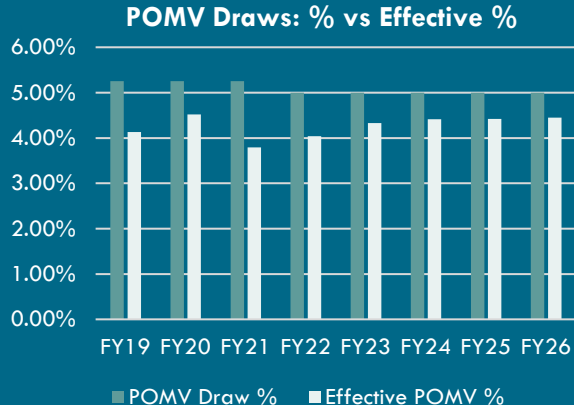
AS 37.13.140 (b) Fund Value-Based

FY24	\$80,038.4
FY23	\$77,587.5
FY22	\$75,912.8
FY21	\$81,472.4
FY20	\$64,877.8

Avg.	\$75,977.8
5%	\$ 3,798.9

FY26 = \$ **3.8B**
 FY27 = \$ **4.0B estimated**

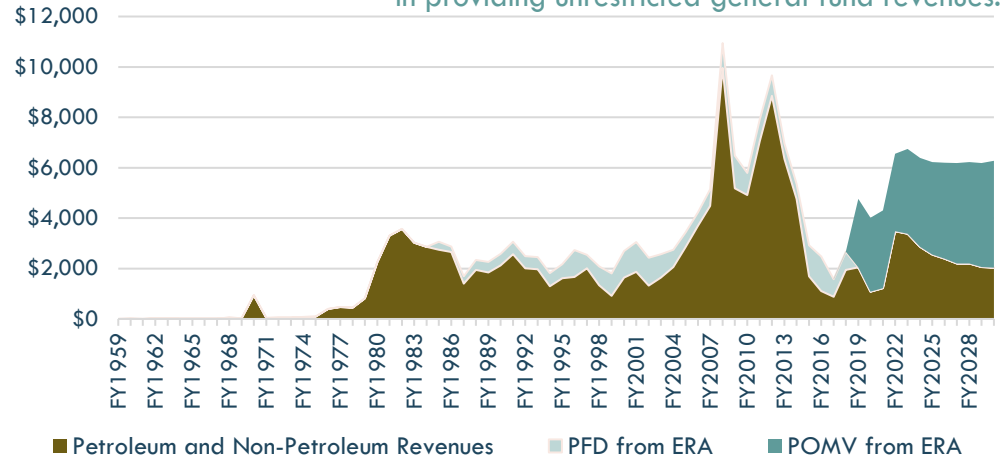
 FY19-FY25 = \$ **22.4B**
 over 7 fiscal years



The Shift in Alaska's Revenue

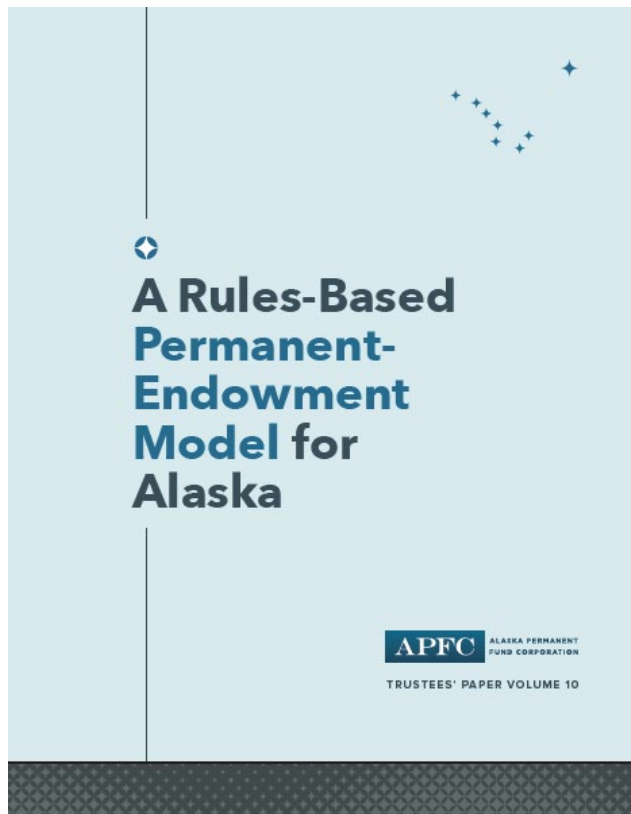
Alaska's budget has transitioned from primarily relying on nonrenewable mineral royalty resources to depending on financial revenues generated by the Fund.

The Percent of Market Value (POMV) draw from the Fund, starting in FY19, has exceeded traditional revenue sources in providing unrestricted general fund revenues.



Unrestricted General Fund (UGF) Revenues in \$ millions

Trustees' Paper Volume 10



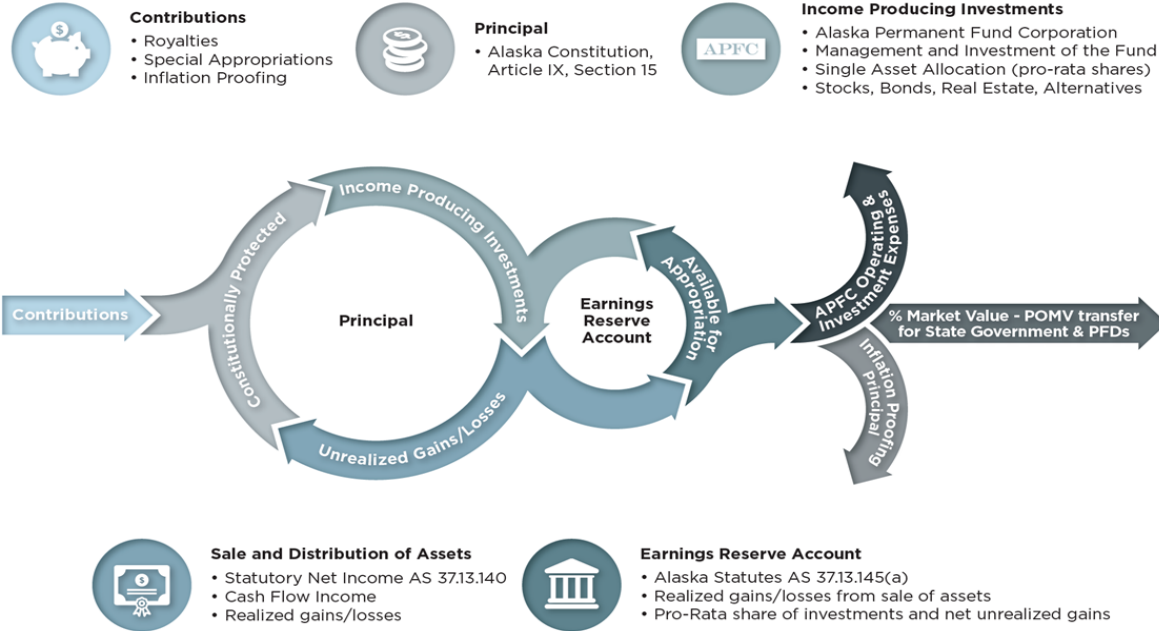
"Within the world of sovereign wealth funds, the Alaska Permanent Fund is admired and respected for its long tradition of rules-based policymaking, prudent investment management, and sound governance.

That said, the paper shows that the current two-account structure introduces significant risks to the ability to fund the annual POMV transfer that supports the state budget and the Permanent Fund Dividend.

The paper outlines reforms that should be pursued with urgency to ensure that the Fund continues to underpin the sustainability of Alaska's public finances for current and future generations."

*Dr. Malan Rietveld
Sovereign Wealth Fund Expert*

Current: Two-Account Structure

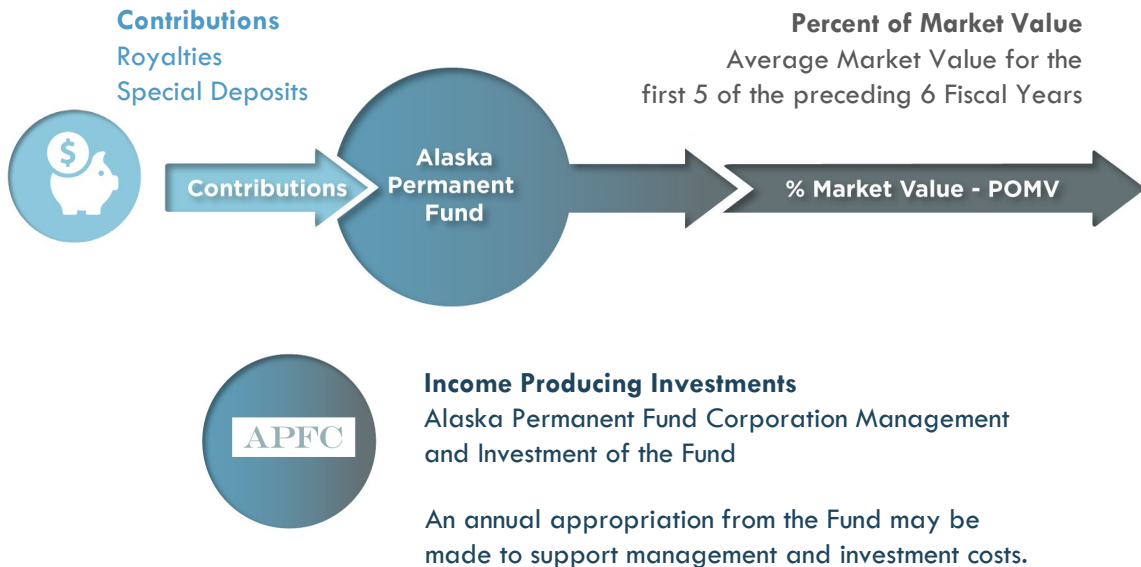


The **Principal** provides permanent savings to be used only for income-producing investments.

Realized earnings are deposited into the **Earnings Reserve Account (ERA)** for appropriation by the Legislature.

POMV draws to support the state's current revenue needs and transfers to inflation proof the Principal are limited to the balance of the ERA.

Proposed: Single-Fund Endowment



Guaranteed POMV Transfer

The transition to a Single-Fund would guarantee availability for an annual POMV transfer while maintaining flexibility in how the money is utilized.

Annual draw certainty would ensure the ability to provide for a dividend and essential government services.

Benefits of the Single-Fund Model

RESPECT – PROTECT – PROVIDE

Alignment with Prudent Investor Standards

Follows best fiduciary and prudent practices for endowments and trusts.

Total-Return Investing

Maximizes long-term growth without liquidity constraints.

Predictable & Sustainable Spending

A maximum draw POMV rule prevents overspending while providing stable annual revenue to support essential services and dividends.

Automatic Inflation Proofing

Eliminates the need for manual and ad hoc legislative adjustments.

Adopting this model,
with a
Constitutionally
established spending
limit,
would strengthen the
Fund's long-term
stability and
purchasing power to
provide for all
generations of
Alaskans.



Questions?

**Honoring the vision and sacrifices of the Alaskans who created the Fund,
ensuring that a portion of Alaska's mineral wealth is saved and invested to
benefit all Alaskans, today and tomorrow.**

APFC

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FUND CORPORATION