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Governor Mike Dunleavy STATE OF ALASKA

ADMINISTRATIVE ORDER NO. 362

I, Mike Dunleavy, Governor of the State of Alaska, under the authority of Article III, secs. 1 and 24 of the Alaska Constitution and the laws of the State of Alaska, hereby direct the promulgation of regulations necessary to ensure the transparent and prudent investment of the Constitutional Budget Reserve Fund subaccount.

BACKGROUND AND PURPOSE

The Constitutional Budget Reserve Fund ("CBRF") was established in November 1990, when Alaska voters approved adding Section 17 to Article IX of the Alaska Constitution. Under that provision, funds received by the state after July 1990 from the resolution of disputes involving certain mineral-related revenues must be deposited into the CBRF. The Alaska legislature may appropriate funds from the CBRF to support state government operations, subject to specific constitutional conditions. In July 2000, the Alaska legislature created a subaccount within the CBRF. This subaccount was liquidated in April 2015, and its balance transferred to the main fund. The commissioner of the Department of Revenue ("DOR") has legal authority to transfer funds to the CBRF subaccount and invest those funds, assuming the commissioner meets his or her fiduciary obligations as the sole fiduciary overseeing the CBRF subaccount.

In response to an investment made in 2015, DOR adopted a non-routine investment ("NRI") protocol. That NRI protocol sets forth steps DOR should employ when presented with NRI opportunities. The protocol was adopted as part of an appendix to DOR's Investment Policies & Procedures but not promulgated as a regulation.

Since 2015, CBRF funds have primarily been held in cash equivalents with low rates of return but high liquidity in anticipation of the potential need to use these funds to balance the budget. In September 2025, the CBRF subaccount was re-seeded with \$50 million to support an NRI commitment made in July 2025.

I requested an external independent review of the 2025 NRI to determine whether the appropriate policies, procedures, and protocols were followed with respect to the investment. This Order is issued in response to the findings and recommendations contained in that review.

GOALS

This Order is issued to ensure the recommendations provided by the external independent review are enacted to enhance the transparency of investment decisions related to the CBRF.

APPLICABILITY

This Order applies to DOR with respect to potential NRIs from the CBRF subaccount and to all state agencies generally with respect to engaging outside legal counsel.

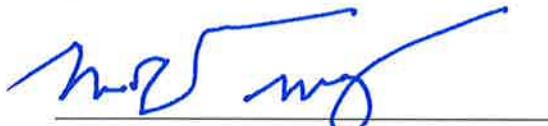
ORDER

- A. No later than July 1, 2026, the Department of Revenue shall propose for adoption regulations that include:
 1. DOR's NRI protocol, found in Appendix G of Version 6.3 of DOR's Policies and Procedures Applicable to the Treasury Division, Department of Revenue, State of Alaska. The adopted regulations must require completion and documentation of the steps outlined in the adopted NRI regulation.
 2. A requirement that the fiduciary of the CBRF subaccount present the terms of any proposed contract for an NRI from the CBRF subaccount to the Investment Advisory Committee, clarifying that this requirement is not satisfied by generally or conceptually discussing potential investments.
 3. A requirement that the Office of Management and Budget ("OMB") provide, upon request, updated 10-year projections on the anticipated draws from the CBRF balance to fund state government to help inform investment decisions as a part of DOR's NRI protocol.
 4. A requirement that the commissioner of DOR request legal advice from the attorney general regarding compliance with the statutory fiduciary standards for any proposed NRI from the CBRF subaccount prior to entering into an NRI.
- B. No later than July 1, 2026, the Department of Law shall propose regulations that include:
 1. A requirement that the attorney general, upon receiving a request for legal advice from the commissioner of revenue regarding compliance with the statutory fiduciary standards for a proposed NRI from the CBRF subaccount, provide the requested legal advice, and, if determined that the standards have been met, certify that finding.
 2. Requirements governing the engagement of outside legal services.

EFFECTIVE DATE

This Order takes effect immediately.

DATED this 19th day of January 2026.



Mike Dunleavy
Governor