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OFFICE OF THE LIEUTENANT GOVERNOR
ALASKA

MEMORANDUM

TO: Lee Cruise, Regulations Contact
Department of Revenue

FROM: April Simpson, Alaska Administrative Code Coordinator
Office of the Lieutenant Governor

DATE: November 18, 2026

RE: Filed Permanent Regulations: Department of Revenue

Department of Revenue regulations re: Non-Routine Investments in the Constitutional Budget Reserve Fund Subaccount (15 AAC 170)

Attorney General File:	2026200280
Regulation Filed:	11/18/2026
Effective Date:	12/18/2026
Print:	260, January 2027

cc with enclosures: Legislation, Regulations, and Legislative Research Section
Department of Law

Lisa Gorman, Alaska Legal Analyst
LexisNexis

THE STATE of ALASKA
GOVERNOR MIKE DUNLEAVY

Department of Law

CIVIL DIVISION

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November 17, 2026

The Honorable Nancy Dahlstrom
Lieutenant Governor
State of Alaska
P.O. Box 110015
Juneau, AK 99811-0015

Re: Approval and Submission of Regulations for Filing
15 AAC 170: DOR - Non-Routine Investments in the Constitutional Budget Reserve Fund Subaccount
Our file: 2026200280

Dear Lieutenant Governor Dahlstrom:

Pursuant to AS 44.62.060, the Department of Law has reviewed the enclosed regulations adopted by Department of Revenue, concerning protocols to be followed by the fiduciary when considering non-routine investments made from certain state funds, including the constitutional budget reserve fund subaccount.

Our review examined each regulation for legality, existence of statutory authority, clarity, compliance with the *Drafting Manual for Administrative Regulations*, and conformance with the procedural requirements of AS 44.62.010 - 44.62.290.

Based upon this review, the Department of Law approves each regulation as to form and legality. This letter constitutes the written statement of approval under AS 44.62.060(b) and (c) that authorizes your office to accept the regulations for filing.

We hereby submit the regulations to you for filing under AS 44.62.040 on behalf of Department of Revenue.

Sincerely,

CORI MILLS
ACTING ATTORNEY GENERAL

By: Rebecca C. Polizzotto Digitally signed by Rebecca C. Polizzotto Date: 2026.11.17 14:16:29 -09'00'

Rebecca C. Polizzotto
Chief Assistant Attorney General
Legislation, Regulations, and
Legislative Research Section

RCP/PWP/hjh

CC w/enclosure: Lee Cruise, Regulations Contact
Department of Revenue

Parker W. Patterson, Senior Assistant Attorney General
Department of Law

Benjamin J. Hofmeister, Assistant Attorney General
Department of Law

Appendix I: Adoption Order

ORDER ADOPTING CHANGES TO REGULATIONS
OF DEPARTMENT OF REVENUE

The attached regulations, dealing with Non-Routine Investments from Sole-Fiduciary Funds, are adopted and certified to be a correct copy of the regulation changes that the Department of Revenue adopts under the authority of AS 37.10.071, AS 37.10.430, and after compliance with the Administrative Procedure Act (AS 44.62), specifically including notice under AS 44.62.190 and 44.62.200 and opportunity for public comment under AS 44.62.210.

This action is not expected to require an increased appropriation.

Although no public comments were received, the Department of Revenue paid special attention to the cost to private persons of the regulatory action being taken.

The regulation changes adopted under this order take effect on the 30th day after they have been filed by the lieutenant governor, as provided in AS 44.62.180.

Date: 11/17/26

Janelle L. Earls, Commissioner

April Simpson for

FILING CERTIFICATION

I, Nancy Dahlstrom, Lieutenant Governor for the State of Alaska, certify that on November 18, 2026, at 11:35 a.m., I filed the attached regulations according to the provisions of AS 44.62.040 - 44.62.120.

April S.
for Lieutenant Governor Nancy Dahlstrom

Effective: December 18, 2026

Register: 260, January 2027.

FOR DELEGATION OF THE LIEUTENANT GOVERNOR'S AUTHORITY

I, NANCY DAHLSTROM, LIEUTENANT GOVERNOR OF THE STATE OF ALASKA, designate the following state employees to perform the Administrative Procedures Act filing functions of the Office of the Lieutenant Governor:

April Simpson, Regulations and Initiatives Specialist

IN TESTIMONY WHEREOF, I have signed and affixed the Seal of the State of Alaska, in Juneau, on May 15th, 2023.

NANCY DAHLSTROM
LIEUTENANT GOVERNOR

15 AAC is amended by adding a new chapter to read:

Chapter 170.

Non-Routine Investments from Sole-Fiduciary Funds

Section

10. Purpose

15. Initial documentation of non-routine investment opportunity

20. Non-routine investment opportunity review and documentation.

25. Preliminary decision.

30. Notice

35. Final review

40. Final investment decision

45. Definitions

15 AAC 170.010. Purpose. The purpose of this chapter is to implement uniform due diligence procedures for assessing and documenting non-routine investment opportunities from covered funds. (Eff. 12/18/2026, Register 260)

Authority: Art. IX, sec. 17, Ak Const. AS 37.10.071 AS 37.10.430

15 AAC 170.015. Initial documentation of non-routine investment opportunity. When presented with an opportunity to invest all or part of a covered fund in a non-routine investment, the fiduciary will

(1) document the investment opportunity, including

(A) identifying the date on which the non-routine investment was presented to the fiduciary;

(B) identifying the person or entity that presented the non-routine investment, if any; and

(C) identifying and describing the nature and detail of the non-routine investment;

(2) determine and document whether the non-routine investment is similar to existing investments historically utilized by the department for state funds and, if so, seek and document guidance from the chief investment officer of the treasury division of the department, and others, including investment consultants, with knowledge of the offered non-routine investment opportunity or similar investments; and

(3) document the determination of whether the non-routine investment merits further consideration based on the information presented or currently available. (Eff. 12/18/2026, Register 260)

Authority: AS 37.10.071 AS 37.10.430

15 AAC 170.020. Non-routine investment opportunity review and documentation. If the fiduciary determines under 15 AAC 17.015 that a non-routine investment merits further consideration, the fiduciary will

(1) identify and engage

(A) external auditors to obtain and document guidance regarding financial disclosures related to the non-routine investment;

(B) an investment consultant to evaluate the non-routine investment, and document the results of that evaluation;

(3) request that the investment advisory council of the department's treasury division review the non-routine investment and document the council's advice or recommendations; and

(4) for a non-routine investment from the constitutional budget reserve fund or subaccount, review the most recent 10-year plan or other official long-range published fiscal forecast of the office of management and budget showing anticipated future balances for the constitutional budget reserve fund. (Eff. 12/18/2026, Register 260)

Authority: AS 37.10.071 AS 37.10.430

15 AAC 170.025. Preliminary decision. If, on completion of the review in 15 AAC 170.020, the fiduciary decides to proceed to a final investment decision regarding the non-routine investment, the fiduciary will

(1) determine and document the size of the non-routine investment;

(2) determine and document the date of funding the non-routine investment;

(3) determine and document the requirements of the department's custodial bank for conducting the financial transaction related to the non-routine investment;

(4) determine and document the basis for valuation of the non-routine investment;

(5) notify the investment compliance section of the treasury division of the final decision and document that notification;

(6) update investment guidelines, if necessary;

(7) determine and document the investment pool and asset class for the non-routine investment;

(8) ensure accounting in the state accounting system is accurate, if required; and

(9) update, as required, the department's policies, procedures, and other documents, including financial statement disclosures, to account for the non-routine investment. (Eff. 12 / 18 / 2026, Register 260)

Authority: AS 37.10.071 AS 37.10.430

15 AAC 170.030. Notice. (a) No later than 90 days prior to making a final investment decision on a non-routine investment under 15 AAC 170.040, the fiduciary will give written notice of the fiduciary's intent to invest in the non-routine investment to

(1) the office of management and budget;

(2) the division of legislative audit; and

(3) the chairs of the senate and house finance committees.

(b) The fiduciary will document all notices required by this section and document any responses. (Eff. 12 / 18 / 2026, Register 260)

Authority: AS 37.10.071 AS 37.10.430

15 AAC 170.035. Final review. (a) Prior to making a final investment decision regarding a non-routine investment from a covered fund, the fiduciary will

(1) present the terms of any proposed contract for a non-routine investment from the covered fund to the members of the investment advisory council of the department's treasury division and document the council's response; and

(2) request a certification from the attorney general that the fiduciary has complied with applicable fiduciary standards.

(b) The fiduciary will consider all guidance and advice received regarding the merit of the non-routine investment from the covered fund prior to reaching a final investment decision, including all guidance and advice the fiduciary is required to request under this chapter.

(c) The department shall bear all costs associated with the certification under (a)(2) of this section. The fiduciary may not proceed to a final investment decision unless the fiduciary receives the certification under (a)(2) of this section. (Eff. 12 / 18 / 2026, Register 260)

Authority: AS 37.10.071 AS 37.10.430

15 AAC 170.040. Final investment decision. (a) On completion of final review under 15 AAC 170.035, including the certification of the attorney general, the fiduciary may make a final investment decision regarding the non-routine investment in writing, including the determination of the fiduciary that the non-routine investment is in the sole financial best interest of the fund.

(b) The fiduciary will append all documentation required by this chapter to the written decision under this section, including the certification of the attorney general required in 15 AAC 170.035. No monies from a covered fund may be committed to a non-routine investment except pursuant to a final investment decision in compliance with this chapter, including the certification of the attorney general under AS 15 AAC 170.035. (Eff. 12 / 18 / 2026, Register 260)

Authority: AS 37.10.071 AS 37.10.430

15 AAC 170.045. Definitions. In this chapter, unless the context requires otherwise,

(1) "attorney general" means the attorney general or the attorney general's designee;

(2) "constitutional budget reserve fund" means the budget reserve fund established as a separate fund in the state treasury under art. IX, sec. 17, Constitution of the State of Alaska;

(3) "constitutional budget reserve fund subaccount" or "subaccount" means the subaccount established in the constitutional budget reserve fund under AS 37.10.430(c);

(4) "covered fund" means a fund over which the commissioner of revenue is the sole fiduciary, including

(A) the constitutional budget reserve fund;

(B) the constitutional budget reserve fund subaccount,

(C) the general fund and other non-segregated investments,

(D) the public school trust fund (AS 37.14.110); and

(E) the Alaska higher education investment fund (AS 37.14.750);

(5) "department" means the Department of Revenue;

(6) "document" or "documenting" means preserving or maintaining in writing contemporaneous and verifiable recording of actions, date, and processes in sufficient detail to demonstrate adherence to applicable legal and quality standards, and maintaining copies of written materials reviewed and relied upon by the fiduciary in making a final investment decision, including placing such documentation in the investment file related to the investment opportunity being considered;

(7) "fiduciary" means the commissioner of revenue when acting as the sole fiduciary of a fund, including when acting as the sole fiduciary of the constitutional budget reserve fund subaccount in accordance with AS 37.10.430(c);

(8) "final investment decision" means the decision of the fiduciary to commit some or all of a covered fund to a non-routine investment;

(9) "non-routine investment" means an unusual, infrequent, high-value, or illiquid transaction that falls outside the department's standard, recurring investment strategy or operating procedures; "non-routine investment" includes

(A) illiquid private market investments and any investments outside of diversified, daily liquid, publicly traded equities, publicly traded fixed income securities, and cash equivalents that have been the primary investments historically utilized by the department for state funds; and

(B) private equity, private debt, infrastructure, real estate, and project funding or investments that demonstrate materially elevated volatility. (Eff. 12/18/2020, Register 260)

Authority: AS 37.10.071 AS 37.10.430