

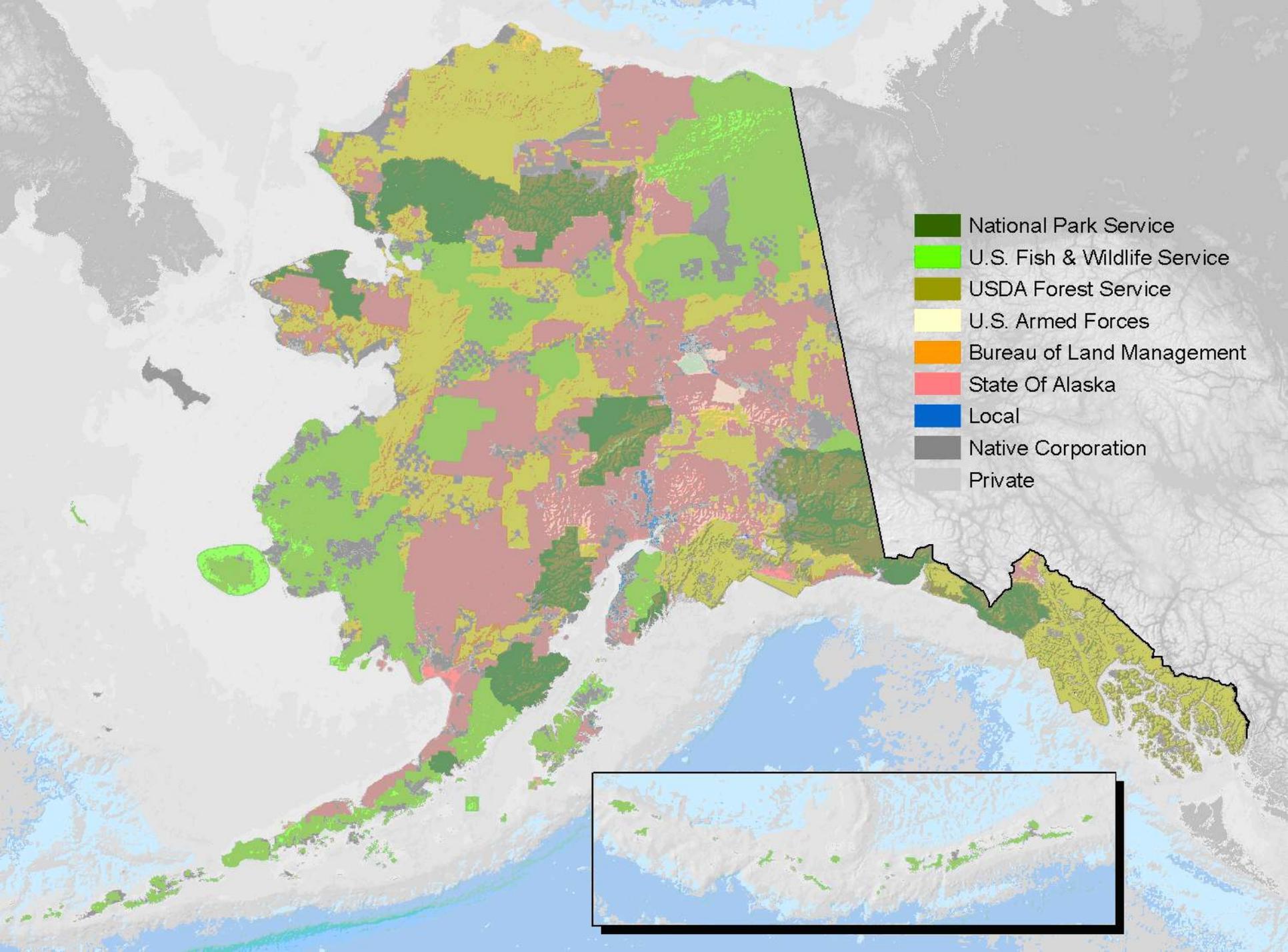
COMMONWEALTH
NORTH

A Shareholders

Report to Alaskans

13th Annual Review of Alaska's Assets

- Report on value, income, and prospects of Alaska's key assets for the preceding year
- Identify emerging public policy issues related to those assets
- Ask asset managers to identify what criteria they should be judged upon in the coming year
- Track performance of those assets - and asset managers - against that criteria and other metrics



- National Park Service
- U.S. Fish & Wildlife Service
- USDA Forest Service
- U.S. Armed Forces
- Bureau of Land Management
- State Of Alaska
- Local
- Native Corporation
- Private

Alaska as an “*Owner State*”

Manages its assets as:

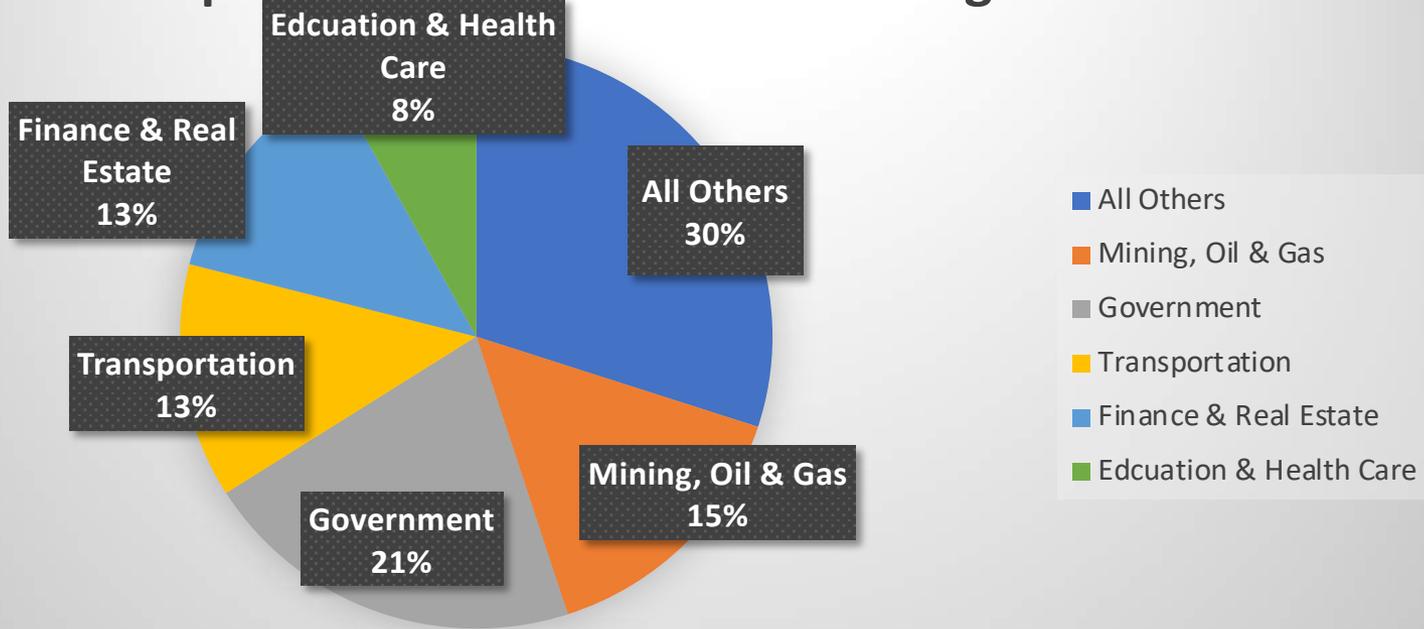
- **Natural Resources**, available for sale, lease, or conservation
- **Financial Assets**, intended to produce financial return
- **Enterprises**, intended to produce both financial return and key infrastructure

Alaska's Economic Health

Total Gross State Product – \$51.5 Billion (2017)

↓ Alaska's GSP fell 0.5% from 2016 National Average was up 2.2%

Top State Industries as a Percentage of GSP



Per Capita Personal Income: \$57,179 (2017)

Up 2.3% from 2016

111% of the National Average of \$51,640

Alaska's Assets Up 3%

Total State Assets in Billions



Each Individual Alaskan's
Share **\$97,163**

FY '10 FY '11 FY '12 FY '13 FY '14 FY '15 FY '16 FY '17 FY '18

— Total State Assets

NATURAL RESOURCES

A scenic landscape featuring a river flowing through a valley with mountains in the background and autumn foliage in the foreground. The river is surrounded by rocky banks and lush greenery. The mountains are covered in dense forests, and the sky is clear and blue.

Coal

Tidelands

Fisheries

Timber

Gas

Water

Land

Wildlife

Minerals

Wind

Nature

Oil

Fisheries



TOTAL FISHERIES TAX REVENUE MILLIONS



FY '11

FY '12

FY '13

FY '14

FY '15

FY '16

FY '17

FY '18

Division of Parks and Recreation



<i>Millions</i>	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
Total Budget	\$13.39	\$14	\$14.4	\$14.6	\$14.1	\$13.7	\$13.7
Revenue from User Fees	\$3.73 (FY18 estimate)	\$4.07	\$4.1	\$3.3	\$3.1	\$2.9	\$3.00
Total Acres of Land	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Total No. of Visitors (millions)	Not available	4.7	4.6	4.5	4.6	4.6	5.2

Division of Mining, Land & Water



	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Millions of Acres	100.5	100.5	100.5	100.5	100.4	100.4	100.4	100.3
Less: Total Land Conveyed	-2.2							
Remaining Total Acquired Lands	98.3	98.3	98.3	98.3	98.2	98.2	98.2	99.1

**Does not include 65 million acres of submerged land acquired at Statehood.*

Oil, Gas, and Geothermal Leases and Licenses



	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>	<u>FY '11</u>
Millions of Acres Leased	5.0	5.3	6.2	5.8	5.8	5.8	5.3	6.1
# of Leases	2,094	2,071	2,226	1,997	1,906	1,748	1,569	1,737

North Slope Oil and Gas Activity

State of Alaska, Department of Natural Resources, Division of Oil and Gas, as of October 2018

Beaufort Sea



Caelus
Deferring work at Smith Bay this winter.

Smith Bay
CT-1 & CT-2

Division of Oil and Gas
Additional tax credit datasets have recently been publicly released to Alaska Geologic Materials Center (Umiat 2D/3D, Puviaq South 3D, Ikpikpuk River 2D, and North Shore 3D). Datasets from two more surveys and 32 wells to be released in November.

Oil Search
Planning to drill Pikka B and C appraisal wells at Pikka Unit this Winter from ice roads and ice pads. Pikka Nanushuk development is currently in pre-Front-End Engineering Design stage. Final Investment Decision expected in mid-2020. Targeting first oil in 2023.

Caelus
Received approval to expand Nuigut, Kuparuk, and Torok PAs at Oooguruk Unit.

Eni
May resume development drilling at Nikaichuq Unit this fall. Planning to drill up to three new wells and add laterals to as many as 8 existing single lateral wells at Spy Island.

Hilcorp
Plan to drill 50-70 wells from Moose pad at Milne Point field. Drilling to start late 2018 and first production expected in November. Peak production anticipated to be 16,000 BOPD in 2020 with 30-50 million barrels ultimately recovered.

BOEM
Issued final EIS for Hilcorp's Liberty project to develop field from gravel island five miles offshore and utilize buried subsea pipe-in-pipe pipeline.

ConocoPhillips
Planning pad expansions at CRU in 2019 to add 10 more well slots at CD5 and more slots at CD2 to accommodate 32 wells at Ford West. May drill late 2018 CD4-95 exploratory well into Nanwhal Nanushuk trend just west of Putu 2 from existing CD4 pad in southern CRU.

ConocoPhillips
Achieved first oil from GMT1 in October; expect peak production of 25,000-30,000 BOPD from Jurassic Alpine C Lookout reservoir.

Planning to drill 4-6 exploration wells in Bear Tooth Unit Willow trend during early 2019.

BLM
Published final Supplemental EIS for GMT2 Rendezvous field development. Preferred alternative is ConocoPhillips' plan to build 14-acre drill pad capable of up to 48 wells as a satellite of CRU Alpine Processing Facility.

National Petroleum Reserve - Alaska

Exploratory Wells Spud

- 2018
- 2017
- 2016

Oil & Gas Unit Boundary

The accuracy of this map is subject to pending decisions currently on appeal and other administrative actions. Please visit www.dnr.alaska.gov/information/MapsandGIS to see our most current maps.

Elixir Petroleum
Announced purchase of 35,423 acres in NPRA north of Umiat from Paul Craig.

Great Bear Petroleum
Filed lease plan of operations for Winx 1 exploration well to be drilled east of Horseshoe wells by 88 Energy affiliate Captivate Energy. Partners also include Otto Energy and Red Emperor Ltd.

Brooks Range
Proposing to produce Mustang field using early production facility.

ConocoPhillips
Planning expansion of Eastern NEWS with second phase of development. Expected to come online in 2023.

Planning to drill three new wells at KRU Drill Site 2M.

Planning to drill Cairn prospect (Seabee Fm) east of Tam field from DS 2S in late 2018.

88 Energy
Ended production testing of HRZ shale at Icewine 2 and suspended well with plans to farm out interest.

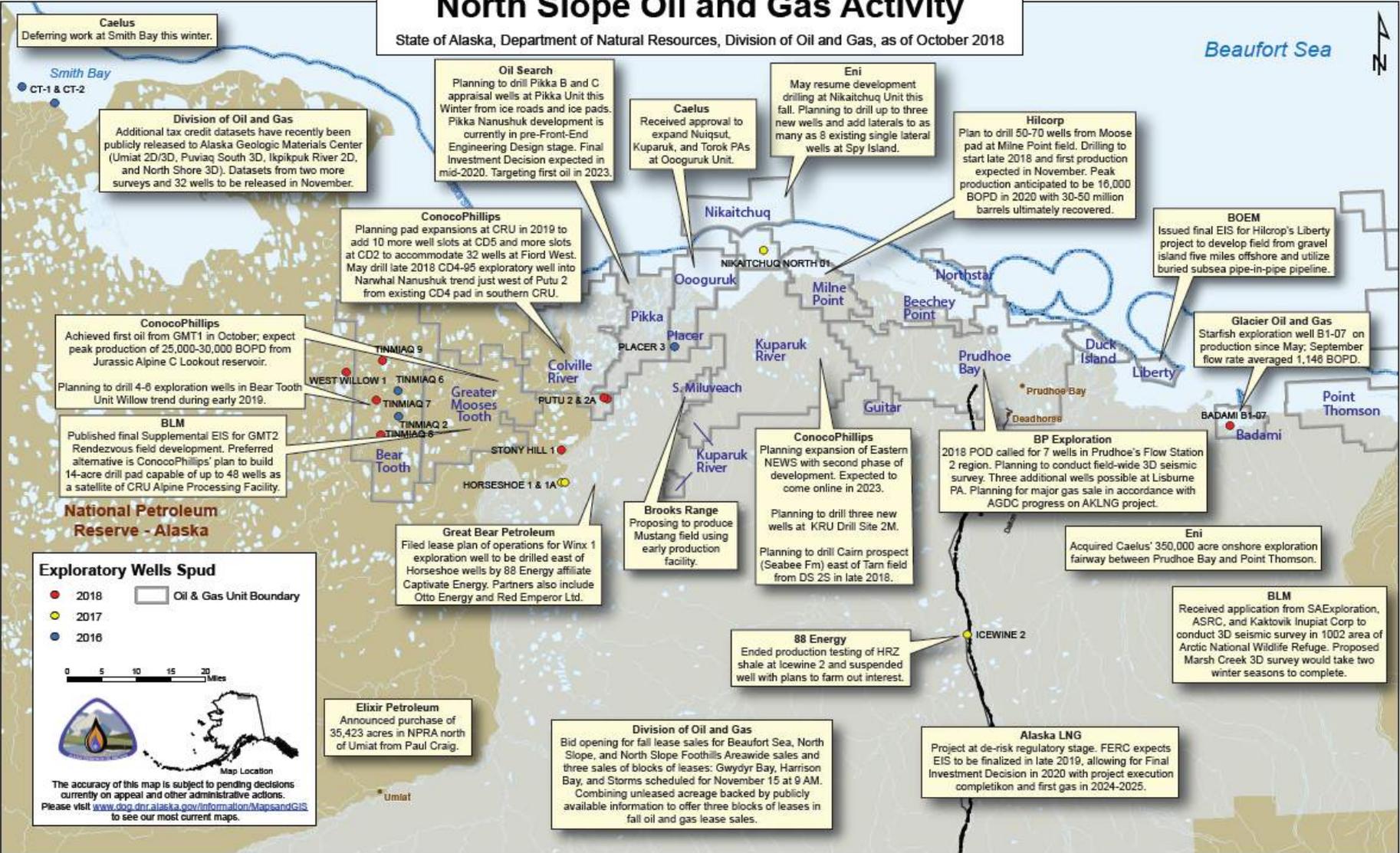
Division of Oil and Gas
Bid opening for fall lease sales for Beaufort Sea, North Slope, and North Slope Foothills Areawide sales and three sales of blocks of leases: Gwydyr Bay, Harrison Bay, and Storms scheduled for November 15 at 9 AM. Combining unleased acreage backed by publicly available information to offer three blocks of leases in fall oil and gas lease sales.

BP Exploration
2018 POD called for 7 wells in Prudhoe's Flow Station 2 region. Planning to conduct field-wide 3D seismic survey. Three additional wells possible at Lisburne PA. Planning for major gas sale in accordance with AGDC progress on AKLNG project.

Eni
Acquired Caelus' 350,000 acre onshore exploration fairway between Prudhoe Bay and Point Thomson.

BLM
Received application from SAExploration, ASRC, and Kaktovik Inupiat Corp to conduct 3D seismic survey in 1002 area of Arctic National Wildlife Refuge. Proposed Marsh Creek 3D survey would take two winter seasons to complete.

Alaska LNG
Project at de-risk regulatory stage. FERC expects EIS to be finalized in late 2019, allowing for Final Investment Decision in 2020 with project execution completion and first gas in 2024-2025.



Petroleum General Fund Revenues

<i>Millions*</i>	<u>FY '18</u>	<u>FY '17</u>	<u>FY'16</u>	<u>FY' 15</u>	<u>FY' 14</u>	<u>FY' 13</u>	<u>FY '12</u>
Petroleum Property Tax	\$121.6	\$120.4	\$111.7	\$125.2	\$128.1	\$99.6	\$111.2
Petroleum Corporate Income Tax	\$67.9	(\$59.4)	(\$58.8)	\$94.8	\$307.6	\$434.6	\$570.9
Severance Tax (a.k.a. Production Tax)	\$749.9	\$125.9	\$186.0	\$389.7	\$2,614.7	\$4,050.3	\$6,146.1
Petroleum Mineral Bonuses and Rents	\$23.6	\$4.8	\$25.1	\$22.4	\$15.1	\$19.0	\$6.3
Oil and Gas Royalties	\$977.8	\$676.2	\$840.3	\$1,051.9	\$1,685.0	\$1,748.4	\$2,022.8
Total Unrestricted Petroleum Revenue	\$1,941.7	\$867.9	\$1,104.3	\$1,684.0	\$4,750.5	\$6,351.9	\$8,857.3
Total Unrestricted Nonpetroleum Revenue	\$466.1	\$474.2	\$423.2	\$568.4	\$627.3	\$576.5	\$627.4

Source: Alaska Department of Revenue: 2018 Fall Revenue Sources Book



FINANCIAL ASSETS

Constitutional Budget Reserve Fund

Alaska Mental Health Trust Authority

Alaska Industrial Development and
Export Authority

Alaska Housing Finance Corporation

Division of Treasury

Alaska Permanent Fund

State of Alaska Department of Revenue

Revenue & Budget Update

Presentation to Commonwealth North

February 20, 2019

Commissioner Bruce Tangeman



THE STATE
of ALASKA

GOVERNOR MICHAEL J. DUNLEAVY

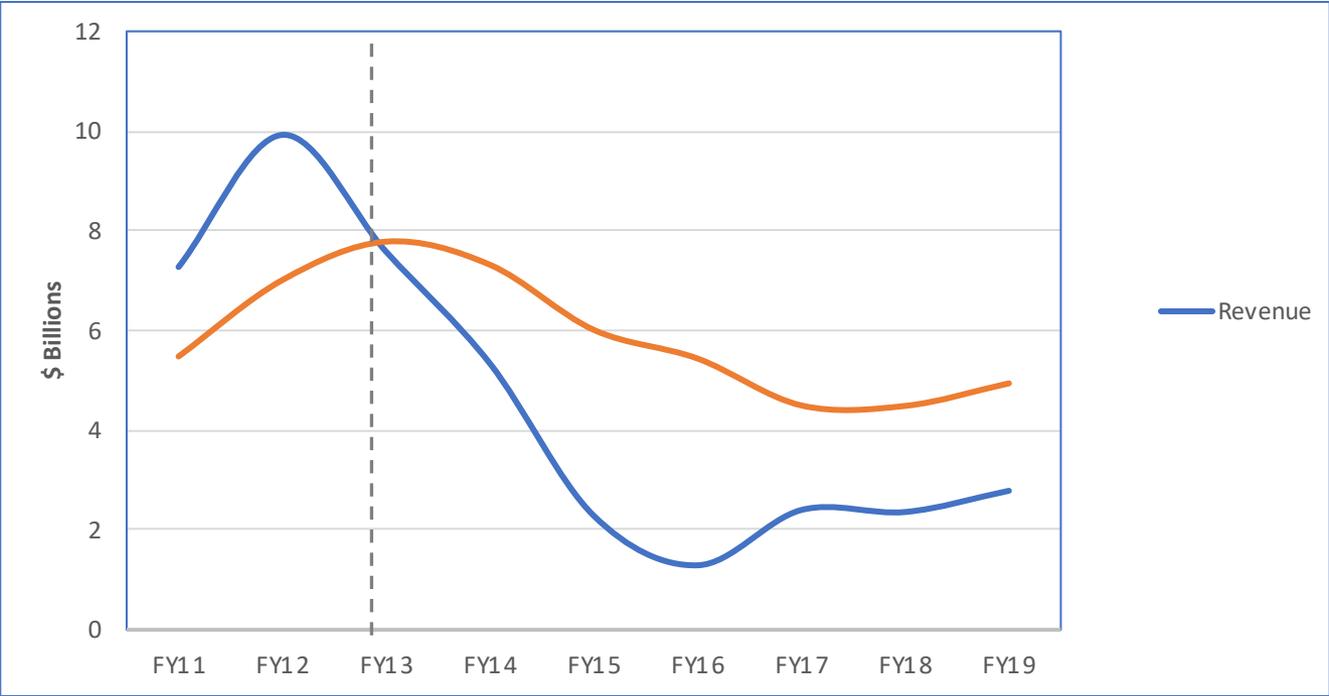
Building the Budget: Core Programs

- Public Safety
- Management of our natural resources
- Preserving maintenance of our transportation infrastructure

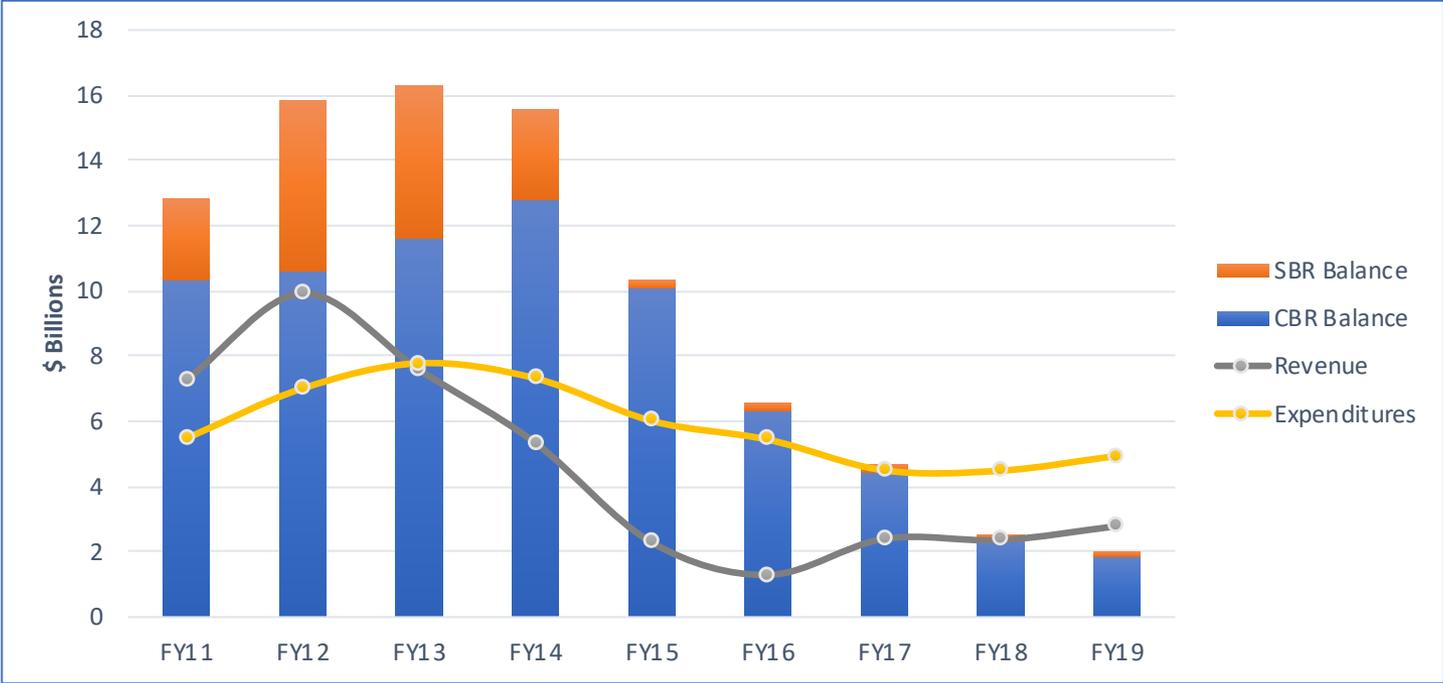
Building the Budget: Guiding Principles

- Expenditures cannot exceed existing revenues
- The budget is built on core functions
- Maintaining and protecting our reserves
- The budget does not take additional taxes from Alaskans through taxes or PFD
- It must be sustainable, predictable, affordable

Building the Budget: Historical Look-Back



Building the Budget: Historical Savings, Revenue & Expenditures



Building the Budget: Defining the Problem

FY2019 Management Plan plus Supplemental

FY2020 Unendorsed Dec. 14 Budget

Revenues	General Fund	Other Restricted	Federal	FY2019 Total	General Fund	Other Restricted	Federal	FY2020 Total
General Fund Revenue	2,833.8	-	-	2,833.8	2,311.4	-	-	2,311.4
Fund Withdrawal	1,871.8			1,871.8	989.1			989.1
Restricted Revenue	1,102.3	844.5	4,002.1	5,948.8	931.7	743.5	3,783.2	5,458.4
Revenue from Fiscal Notes	-			-	-			-
Total Revenue	5,807.8	844.5	4,002.1	10,654.4	4,232.1	743.5	3,783.2	8,758.8

Appropriations	General Fund	Other Restricted	Federal	FY2019 Total	General Fund	Other Restricted	Federal	FY2020 Total
Agency Operations	4,952.2	613.1	2,719.9	8,285.2	4,863.0	632.4	2,683.2	8,178.6
Statewide Operations	807.2	154.8	64.9	1,026.9	749.4	68.0	36.5	853.9
Total Operating	5,759.4	767.9	2,784.8	9,312.1	5,612.4	700.4	2,719.7	9,032.5
Capital	331.0	76.6	1,217.2	1,624.8	246.5	43.2	1,063.5	1,353.1
Fiscal Notes	-	-	-	-	-	-	-	-
Total Appropriations	6,090.4	844.5	4,002.1	10,936.9	5,858.9	743.5	3,783.2	10,385.6

Surplus/(Deficit)	(282.6)	-	-	(282.6)	(1,626.8)	-	-	(1,626.8)
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Balancing the Budget: Streamlined Fiscal Summary

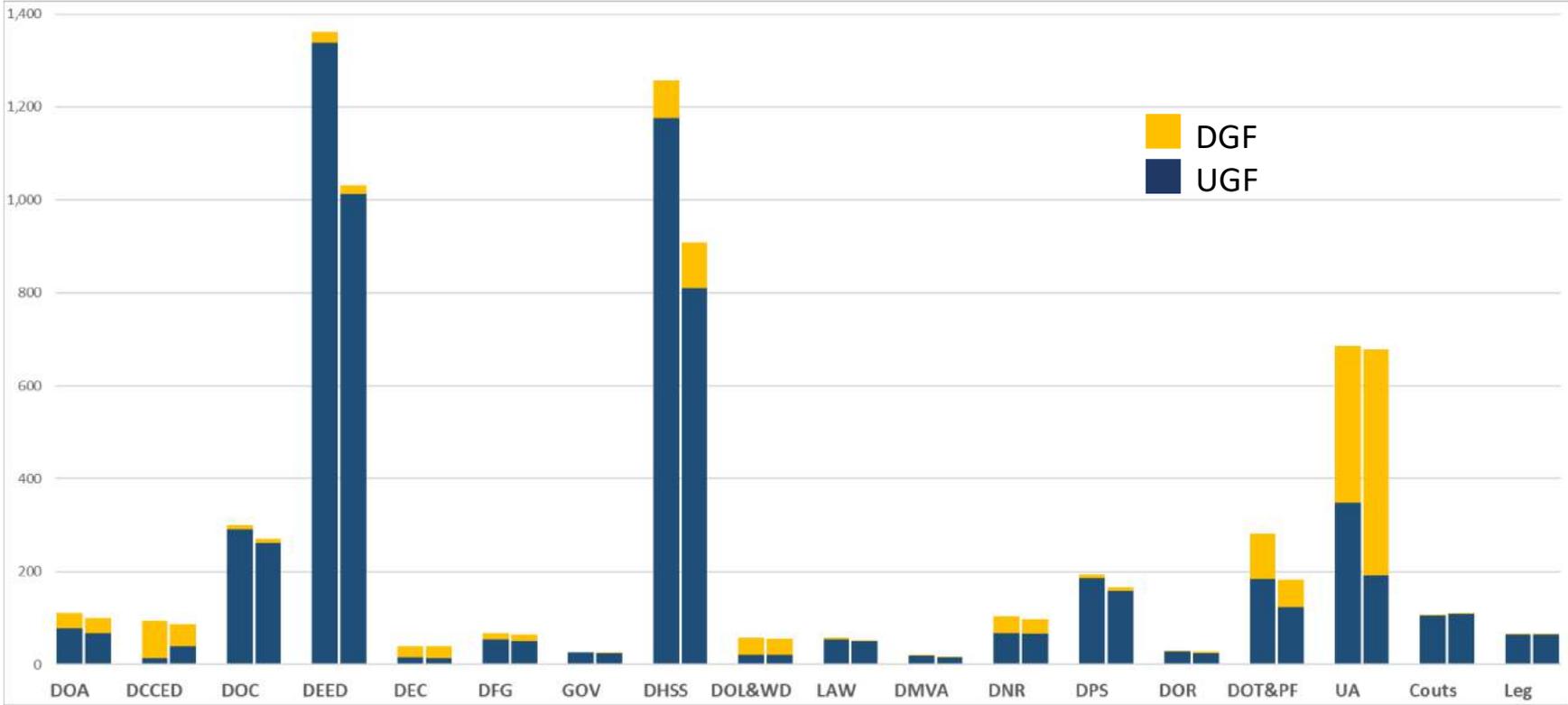
FY2020 Governor's Amended Budget

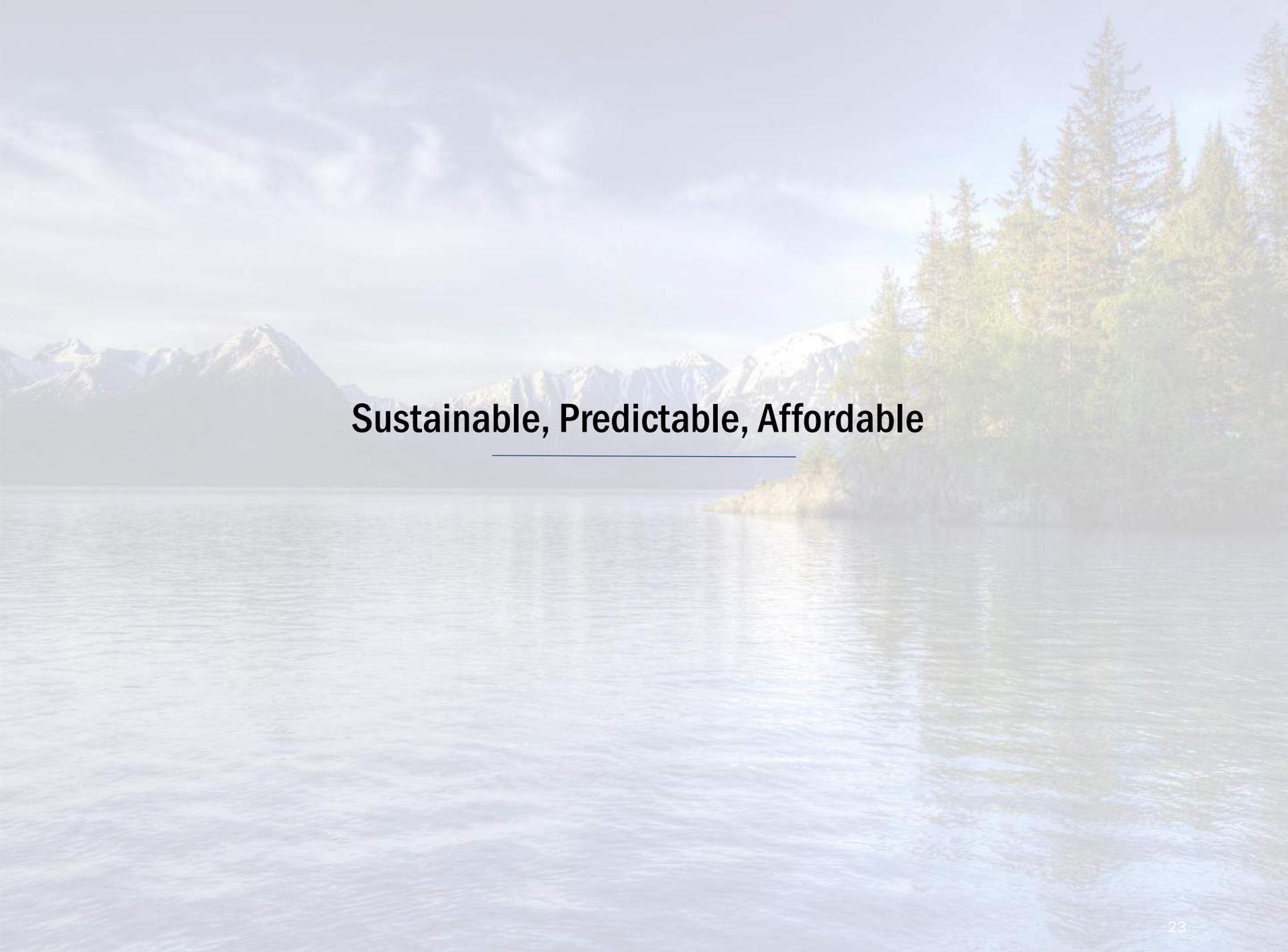
Revenues	General Fund	Other Restricted	Federal	FY2020 Total
General Fund Revenue	2,311.4	-	-	2,311.4
Fund Withdrawal	989.1			989.1
Restricted Revenue	932.8	1,224.5	3,266.7	5,424.0
Revenue from Fiscal Notes	420.4			420.4
Total Revenue	4,653.6	1,224.5	3,266.7	9,144.8

Appropriations	General Fund	Other Restricted	Federal	FY2020 Total
Agency Operations	4,008.0	940.5	2,202.6	7,151.1
Statewide Operations	437.6	238.3	36.5	712.4
Total Operating	4,445.6	1,178.9	2,239.1	7,863.5
Capital	143.4	69.3	1,027.7	1,240.4
Fiscal Notes	44.2	(23.6)	-	20.5
Total Appropriations	4,633.2	1,224.5	3,266.7	9,124.4

Surplus/(Deficit)	20.4	-	-	20.4
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UGF and DGF By Department - 12/14 Budget vs 2/13 Sponsor Substitute





Sustainable, Predictable, Affordable

RESERVE FUND BALANCES & FINANCIAL FLEXIBILITY

	Funds	Description	Balance as of June 30, 2017 (\$mm)	Balance as of June 30, 2018 (\$mm)	Balance as of Feb 15, 2019 (\$mm)
Reserves	Constitutional Budget Reserve	<ul style="list-style-type: none"> Established in 1991 to provide fiscal stability Restricted use and mandated periodic funding of the reserve <i>Second reserve to draw in event of cash flow shortfall, requires 75% majority to appropriate, must replenish</i> 	\$3,896.0	\$2,360.0	\$1,730.0
	Permanent Fund Earnings Reserve	<ul style="list-style-type: none"> Legislatively available portion of Permanent Fund <i>SB26 established a statutory limit on the amount that can be drawn from the PFER each year</i> 	12,816.0	18,864.0	16,600.0*
	Permanent Fund	<ul style="list-style-type: none"> Source for perpetual earnings and budget stability Principal balance requires Constitutional amendment to spend; earnings from Permanent Fund does not 	46,969.0	46,030.0	48,209.0*
TOTAL			\$63,681.0	\$67,254.0	\$66,539.0

*Total PF Balance as of 2/15/19 is \$64.8B; Breakdown between Corpus and ERA is an estimate

PERS/TRS

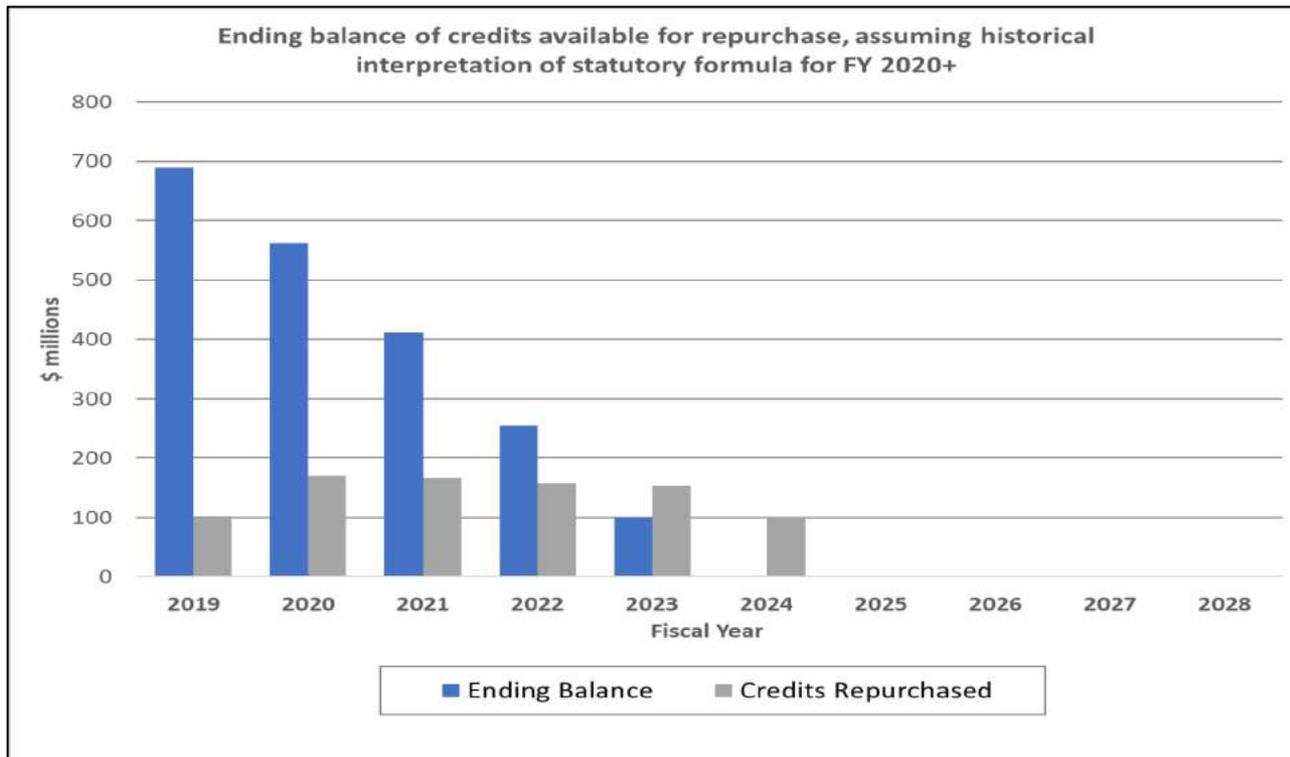
Impact of Changes on Funded Status

Status Quo in \$000 (as of 6/30/2017)	Pension	Healthcare	Total
PERS & TRS - Actuarial Value of Plan Assets	\$ 14,706,538	\$ 10,393,870	\$ 25,100,408
PERS& TRS - Actuarial Accrued Liability	\$ 21,049,655	\$ 10,976,358	\$ 32,026,013
Unfunded Actuarial Accrued Liability	\$ (6,343,117)	\$ (582,488)	\$ (6,925,605)
Funded Ratio	69.9%	94.7%	78.4%

Estimates from Exp. Study in \$000 (as of 6/30/2017)	Pension	Healthcare	Total
PERS & TRS - Actuarial Value of Plan Assets	\$ 14,706,538	\$ 10,393,870	\$ 25,100,408
PERS& TRS - Actuarial Accrued Liability	\$ 21,554,703	\$ 11,819,482	\$ 33,374,185
Unfunded Actuarial Accrued Liability	\$ (6,848,165)	\$ (1,425,612)	\$ (8,273,777)
Funded Ratio	68.2%	87.9%	75.2%

Source: Division of Retirement & Benefits, Buck

Outstanding “Cashable” Tax Credits



Source: Department of Revenue – Economic Research
Per AS 43.55.028, 10% of production tax levied, before credits, when ANS price forecast is \$60 or higher and 15% of production tax levied, before credits, when ANS price forecast is below \$60. Does not include changes in company behavior or credit transfers.

Changes to 10-Year Unrestricted Revenue Outlook

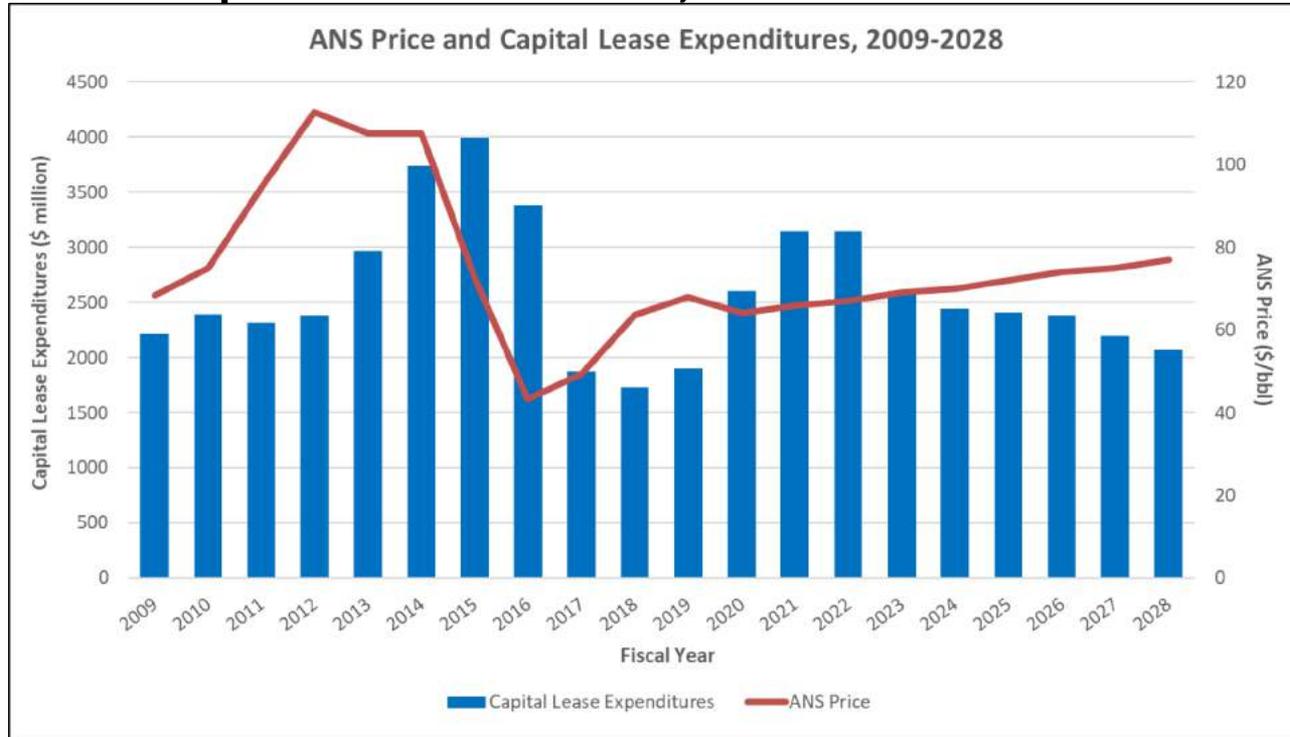
ANS Oil Price (Nominal \$ per barrel) – Fall 2018 vs Spring 2018										
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
Fall 2018	\$67.96	\$64.00	\$66.00	\$67.00	\$69.00	\$70.00	\$72.00	\$74.00	\$75.00	\$77.00
Spring 2018	\$63.00	\$64.00	\$66.00	\$67.00	\$69.00	\$70.00	\$72.00	\$74.00	\$75.00	\$77.00
change	\$4.96	\$0.00								

Unrestricted GF Revenue excluding PF transfer (\$ millions) – Fall 2018 vs Spring 2018										
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
Fall 2018	2,772	2,265	2,304	2,254	2,246	2,235	2,238	2,360	2,496	2,669
Spring 2018	2,259	2,276	2,336	2,343	2,401	2,468	2,625	2,783	2,831	2,983
change	513	-12	-33	-89	-155	-233	-386	-423	-334	-314

Unrestricted GF Revenue (\$ millions) – Fall 2018 vs Spring 2018										
	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
Fall 2018	5,495	5,198	5,394	5,345	5,500	5,596	5,670	5,865	6,074	6,321
Spring 2018	2,259	2,276	2,336	2,343	2,401	2,468	2,625	2,783	2,831	2,983
change	3,236	2,922	3,057	3,002	3,099	3,128	3,046	3,082	3,244	3,338

Source: Department of Revenue – Economic Research

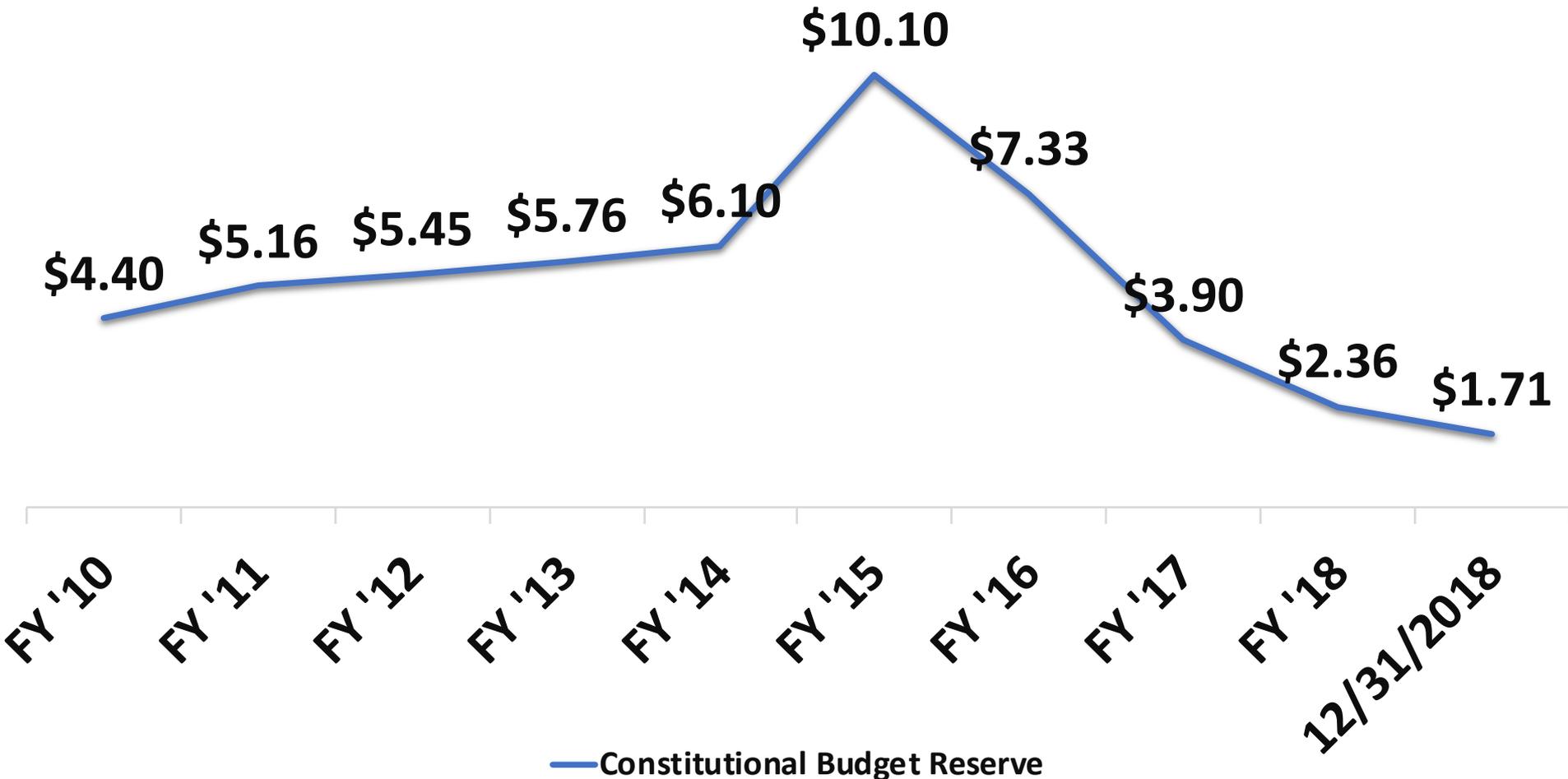
ANS Price vs Capital Lease Expenditures, 2009-2028



Source: Department of Revenue – Economic Research, Fall 2018 Revenue Sources Book

Constitutional Budget Reserve Fund

CBR Annual Market Value in Billions



Alaska Permanent Fund Corporation

<i>\$ Billions</i>	<u>FY'18</u>	<u>FY'17</u>	<u>FY'16</u>	<u>FY'15</u>	<u>FY'14</u>	<u>FY'13</u>	<u>FY '12</u>	<u>FY '11</u>
Net Assets	\$64.9	\$59.8	\$52.8	\$52.8	\$51.2	\$44.9	\$40.3	\$40.1
Statutory Net Income	\$6.3	\$3.2	\$2.2	\$2.9	\$3.5	\$2.9	\$1.6	\$2.1
Interest, Dividends, Real Estate, Other	\$1.6	\$1.3	\$1.2	\$1.1	\$1.2	\$1.1	\$1.0	\$0.9
Increase in Market Value of Investments	\$4.1	\$5.6	\$-0.7	\$1.3	\$5.8	\$3.4	\$-1.0	\$6.0
Total Revenue	\$5.7	\$6.7	\$0.5	\$2.5	\$7.0	\$4.4	\$-0.2	\$6.9
% Return	10.74	12.89	1.02	4.9	15.5	10.9	0.0	20.6

Fiscal Year 2018 Performance as of June 30th, 2018

	FY18	3 Years	5 Years	Since Inception
Total Fund	10.74%	7.69%	8.91%	8.86%
Passive Index Benchmark <small>(60 Stocks 20 Bonds 10 RE 10 TIPS)</small>	7.83%	6.49%	6.81%	<i>Not Available</i>
Performance Benchmark	8.20%	7.08%	7.55%	8.98%
Total Fund Return Objective CPI+5%	7.87%	6.83%	6.54%	7.68%

FYTD 2019 Performance

as of December 31st, 2018

	FYTD 19	3 Years	5 Years
Total Fund	-3.19%	7.58%	6.27%
Passive Index Benchmark <small>(60 Stocks 20 Bonds 10RE 10 TIPs)</small>	-6.54%	5.02%	3.38%
Performance Benchmark	-2.44%	6.90%	5.26%
Total Fund Return Objective CPI+5%	2.18%	7.03%	6.52%

Global Sovereign Wealth Funds

<u>Country</u>	<u>Fund</u>	<u>Assets \$Billions</u>	<u>Inception</u>
Norway	Government Pension Fund – Global	\$1,074.6	1990
China	China Investment Corporation	\$941.4	2007
UAE - Abu Dhabi	Abu Dhabi Investment Authority	\$683.0	1976
Kuwait	Kuwait Investment Authority	\$592.0	1953
China - Hong Kong	Hong Kong Monetary Authority Investment Portfolio	\$522.6	1993
Saudi Arabia	SAMA Foreign Holdings	\$515.6	1952
China	SAFE Investment Company	\$441.0	1997
Singapore	Government of Singapore Investment Corporation	\$390.0	1981
Singapore	Temasek Holdings	\$375.0	1974
Saudi Arabia	Public Investment Fund	\$360.0	2008
Qatar	Qatar Investment Authority	\$320.0	2005
China	National Social Security Fund	\$295.0	2000
UAE – Dubai	Investment Corporation of Dubai	\$233.8	2006
UAE - Abu Dhabi	Mubadala Investment Company	\$226.0	2002
South Korea	Korea Investment Corporation	\$134.1	2005
Australia	Australian Future Fund	\$107.7	2006
Iran	National Development Fund of Iran	\$91.0	2011
Russia	National Welfare Fund	\$77.2	2008
Libya	Libyan Investment Authority	\$66.0	2006
US - Alaska	Alaska Permanent Fund	\$65.7	1976
Kazakhstan	Samruk-Kazyna JSC	\$60.9	2008
Brunei	Brunei Investment Agency	\$60.0	1983
Kazakhstan	Kazakhstan National Fund	\$57.9	2000
Turkey	Turkey Wealth Fund	\$40.0	2016
Malaysia	Khazanah Nasional	\$38.7	1993
US – Texas	Texas Permanent School Fund	\$37.7	1854

Source: Sovereign Wealth Fund Institute

November, 2018, \$ Billions

Alaska Mental Health Trust Authority

<i>\$ Millions</i>	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
Net Assets	\$686.5	\$639.8	\$593.4	\$601.9	\$585.6	\$527.4	\$487.6
Rents and Royalty Income	\$12.0	\$3.4	\$5.2	\$3.6	\$3.0	\$2.0	\$5.3
Investment Income	\$50.7	\$61.9	\$6.7	\$25.3	\$72.2	\$48.2	\$1.9

Alaska Industrial Development and Export Authority



<i>\$ Millions</i>	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
Net Position (Assets)	\$1,328.6	\$1,317.6	\$1,311.7	\$1,290.5	\$1,270.8	\$1,161.2	\$1,075.7
Operating Revenue	\$64.3	\$59.9	\$77.4	\$53.1	\$64.9	\$51.9	\$69.5
Operating Expense	\$39.2	\$49.9	\$40.2	\$27.8	\$29.0	\$31.2	\$27.4
Net Operating Income	\$25.1	\$10.0	\$37.2	\$25.3	\$35.9	\$20.7	\$42.1
Transfers to State of Alaska/Other Agencies	\$12.9	\$6.3	\$17.7	\$10.7	\$70.7	\$20.4	\$29.4
Non-operating Revenue	\$1.2	\$2.1	\$1.7	\$13.7	\$140.6	\$85.2	\$23.3
Change in Net Position	\$13.4	\$5.8	\$21.2	\$28.3	\$105.8	\$85.5	\$36.1

Alaska Housing Finance Corporation

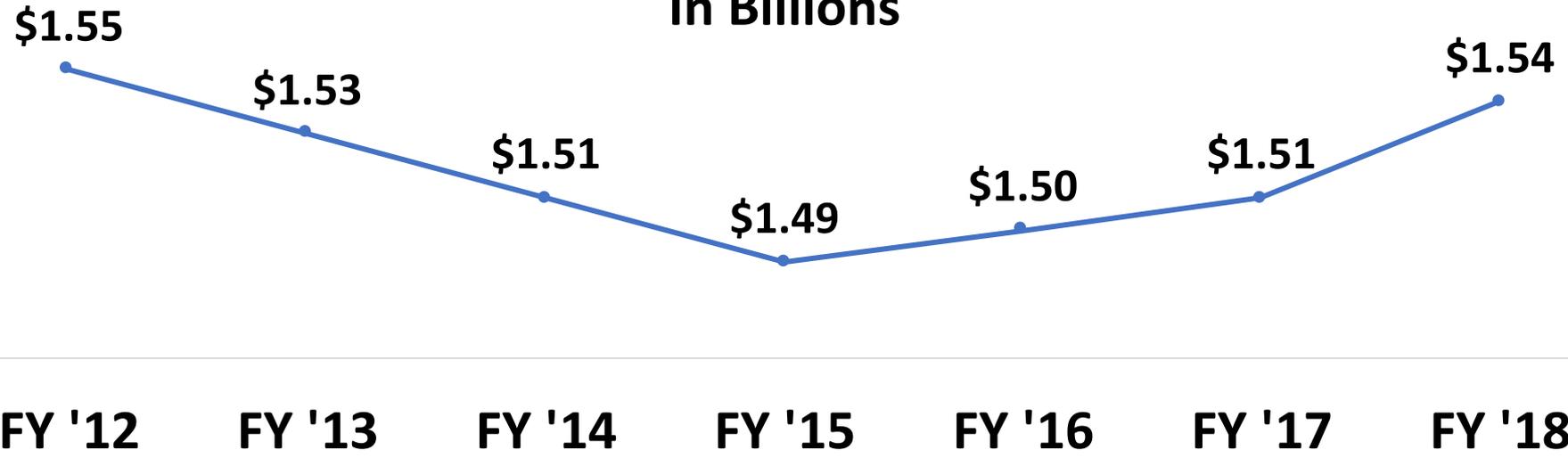
<i>\$ Millions</i>	<u>FY'18</u>	<u>FY'17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
Net Position	\$1,538.7	\$1,513.6	\$1,499.5	\$1,485.5	\$1,509.9	\$1,525.5	\$1,554.1
Operating Revenue	\$246.3	\$249.5	\$274.2	\$290.1	\$308.1	\$315.3	\$351.2
Operating Expense	\$212.7	\$235.1	\$260.0	\$281.6	\$311.5	\$333.2	\$381.6
Operating Income	\$33.6	\$14.3	\$14.2	\$8.5	-\$3.4	-\$17.9	-\$30.4
Change in Net Position	\$33.5	\$14.1	\$14.1	\$4.7	-\$4.8	-\$28.6	-\$39.7
Adjusted Change in Net Position	\$52.0	\$39.3	\$40.6	\$34.6	\$25.4	\$10.0	\$14.2
Dividend to State of AK	\$39.0	\$29.4	\$30.5	\$25.9	\$19.1	\$7.5	\$10.6

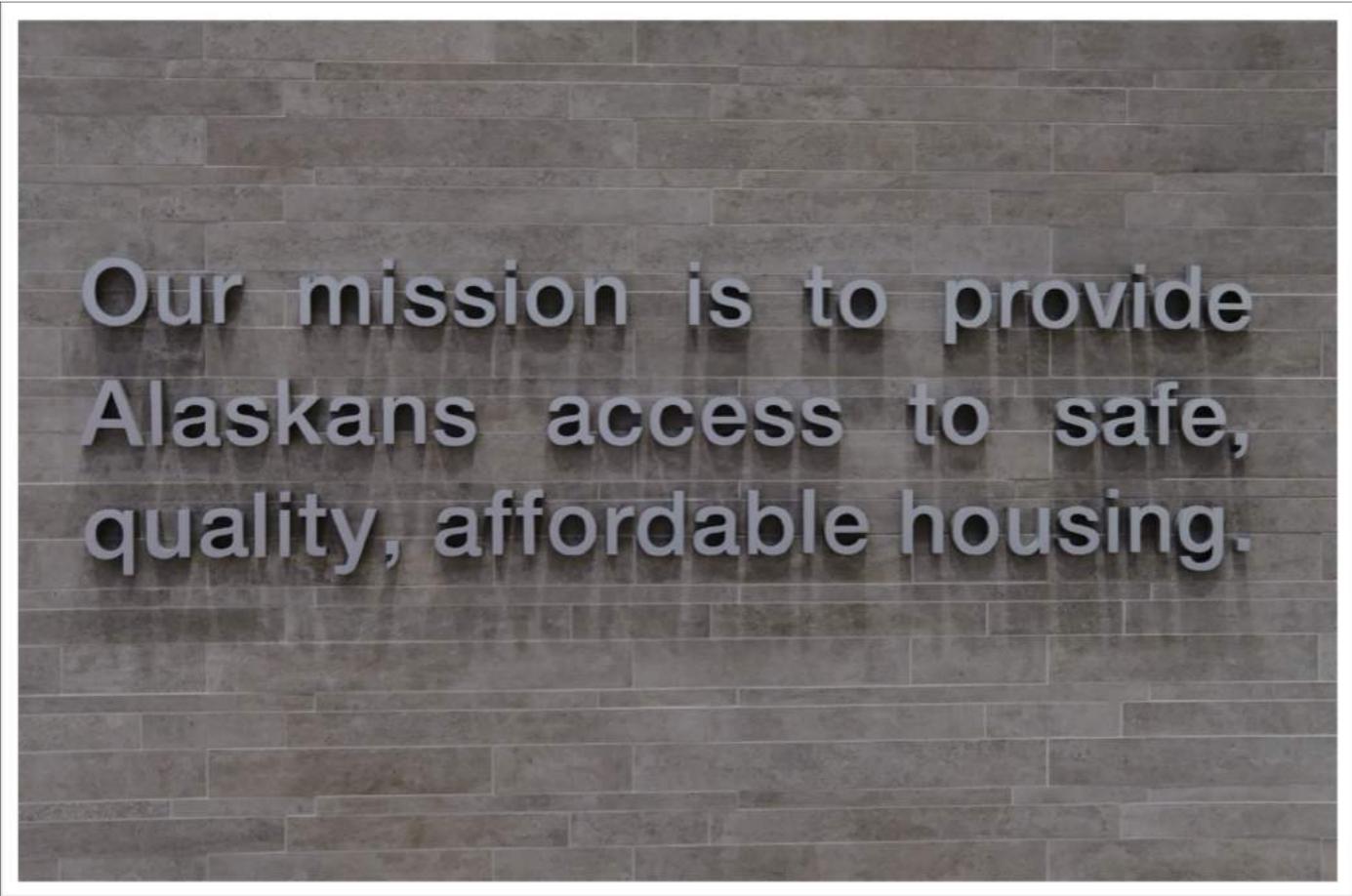
Alaska Housing Finance Corporation



Net Position

In Billions





**Our mission is to provide
Alaskans access to safe,
quality, affordable housing.**

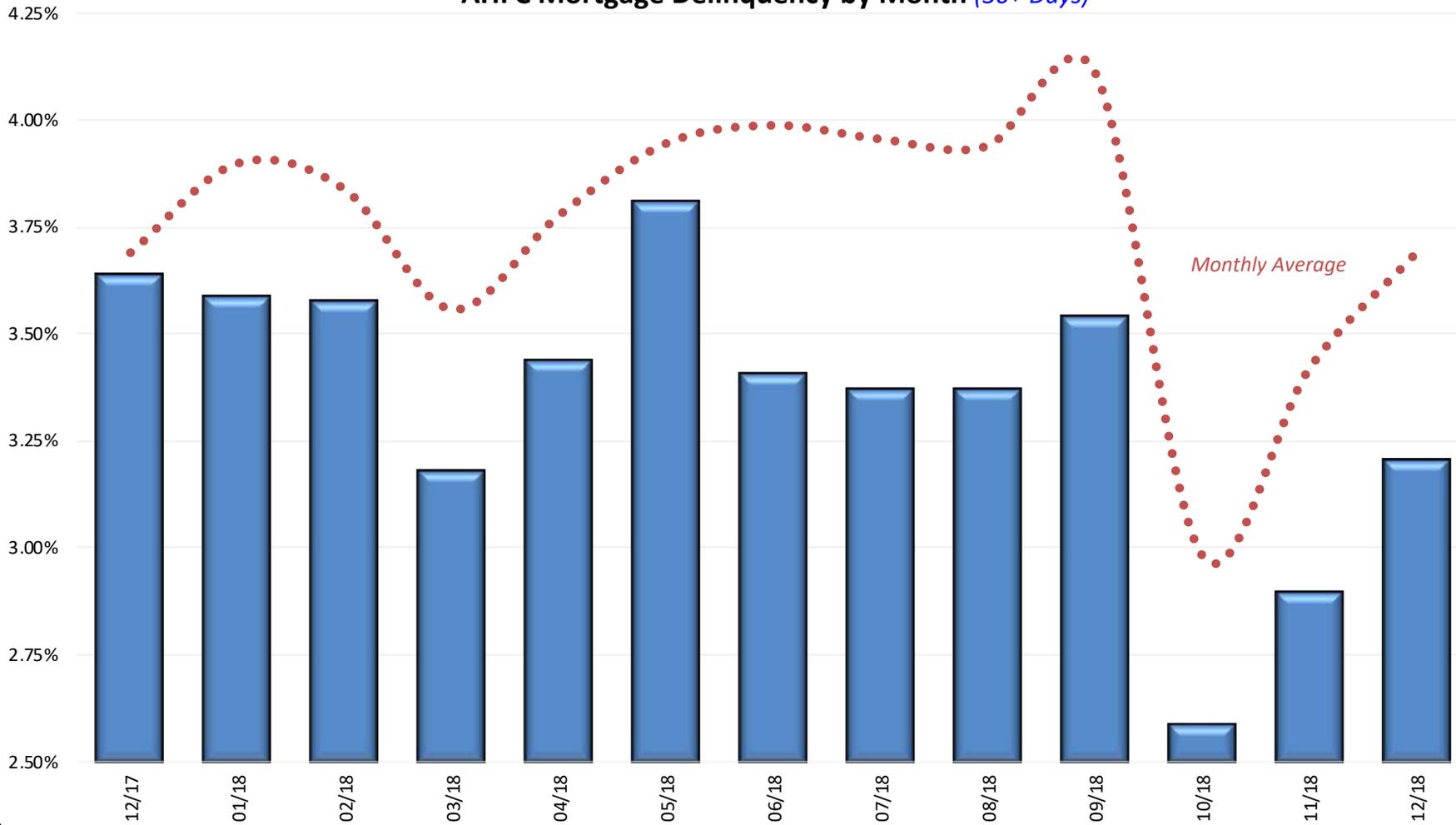
AHFC's Leadership



AHFC's performance

- Mortgage portfolio continues to grow;
- Delinquencies and foreclosures remain low;
- Public Housing funds are stable;
- Statutory formula dividend up \$10 million to \$39 million; cumulative contribution exceeds \$2 billion

AHFC Mortgage Delinquency by Month (30+ Days)



ENTERPRISES

Alaska Marine Highway

Alaska Energy Authority

Alaska Railroad Corporation

International Airports

University of Alaska

Alaska Marine Highway



<i>\$ Millions</i>	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
Net Assets	\$1,291.0	\$1,297.5	\$1,204.9	\$1,116.7	\$1,038.8	\$963.3	\$893.2
Operating Revenue	\$47.3	\$45.8	\$47.2	\$53.9	\$51.7	\$54.3	\$54.7
Operating Expense	\$142.0	\$134.9	\$145.2	\$160.8	\$166.0	\$172.5	\$171.0
Net Income	(\$94.7)	(\$89.1)	(\$98.0)	(\$106.9)	(\$114.3)	(\$118.2)	(\$116.3)

Alaska Energy Authority

<i>\$ Millions</i>	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
Net Assets	\$1,488.9	\$1,461.2	\$1,395.2	\$1,426.8	\$1,406.2	\$1,180.9	\$1,070.3
Operating Revenue	\$40.8	\$41.3	\$42.3	\$56.0	\$92.8	\$102.4	\$98.7
Operating Expense	\$85.8	\$85.3	\$94.1	\$136.0	\$156.5	\$165.9	\$160.6
Operating Loss/Gain	\$-45.0	\$-44.0	\$-51.8	\$-80.0	\$-63.7	-\$63.5	-\$61.9
Investment Income	\$79.3	\$114.4	\$11.0	\$35.1	\$173.1	\$113.4	\$14.1
Capital Contributions by the State	\$3.5	\$9.1	\$9.2	\$28.9	\$37.0	\$25.9	\$29.0

Alaska Railroad Corporation



<i>\$ Millions</i>	<u>FY '18</u> Forecast (unaudited)	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>
Net Assets	\$347.82 (Nov '18)	\$338.70	\$316.33	\$320.69	\$304.71	\$278.23
Operating Revenue (Trains)	\$110.9	\$107.8	\$102.9	\$113.9	\$125.1	\$125.5
Operating Expense (Trains)	\$109.8	\$101.3	\$114.1	\$114.5	\$121.3	\$120.5
Operating Income (Trains)	\$1.1	\$6.5	(\$11.2)	(\$0.6)	\$3.8	\$5.0
Non Operating Income (Real Estate)	\$13.2	\$13.7	\$10.5	\$12.6	\$11.6	\$11.0
Net Revenue (Corporate)	\$16.9	\$22.4	(\$4.4)	\$10.9	\$14 .1	\$14.3



Alaska International Airport System



<i>\$ Millions</i>	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
Net Position (Assets)	\$914	\$896	\$883	\$864	\$903	\$906	\$864
Operating Revenue	\$148	\$143	\$137	\$134	\$124	\$108	\$107
Operating Expense	\$158	\$168	\$140	\$148	\$151	\$146	\$139
Net Op Revenue	\$-10	\$-25	\$-2	\$-14	\$-27	\$-38	-\$33
Capital Contributions	\$54	\$56	\$40	\$50	\$58	\$89	\$89



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<i>\$ Millions</i>	<u>FY '18</u>	<u>FY '17</u>	<u>FY '16</u>	<u>FY '15</u>	<u>FY '14</u>	<u>FY '13</u>	<u>FY '12</u>
Net Capital Assets	\$1,730.3	\$1,692.5	\$1,617.9	\$1,544.7	\$1,447.3	\$1,280.3	\$1,097.3
Endowment Investments	\$150.1	\$143.6	\$130.2	\$143.1	\$148.5	\$136.7	\$127.2
Land Endowment and other Assets	\$61.7	\$62.6	\$62.7	\$62.4	\$62.6	\$62.9	\$46.2
Endowment Investment Return	7.9%	14.3%	-4.7%	-1.5%	13.1%	10%	0.9%



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	Fall 2018/FY19	Fall 2017/FY18	Fall 2016/FY17	Fall 2015/FY16	Fall 2014/FY15	Fall 2013/FY14	Fall 2012/FY13	Fall 2011/FY12
Fall Student Headcount (Non-degree)	26,641 (7,754)	27,823 (7,825)	29,171 (8,100)	30,496 (8,454)	31,522 (8,716)	32,696 (8,992)	33,581 (9,564)	34,983 (10,567)
Degrees Awarded	August 2019	4,554	4,594	4,794	4,678	4,908	4,491	4,174
High School/College Concurrent Enrollment Headcount	May 2019	2,721	2,392	1,881	1,522	1,556	1,413	1,313
Tuition and Fees - UA to Western States Average (4-Year)	89%	88%	88%	84%	80%	77%	78%	76%
Total Research Expenditures (\$ Millions)	October 2019	\$150.7	\$159.4	\$144.2	\$133.9	\$138.7	\$144.2	\$144.9
Full-Time Regular Employees Headcount (Total Employees)	3,887 (7,147)	3,889 (7,247)	4,034 (7,503)	4,276 (7,972)	4,510 (8,430)	4,587 (8,614)	4,532 (8,665)	4,519 (8,523)

Strategic Pathways

OUR MISSION		"The University of Alaska inspires learning, and advances and disseminates knowledge through teaching, research, and public service, emphasizing the North and its diverse peoples." (Regents' Policy 01.01.01)		
OBJECTIVE		Maximize value to Alaska through excellent, accessible, and cost effective higher education funded by diverse and growing revenue sources		
CORE PRINCIPLES		Focus, Access, Diversity, Excellence, Consistency, Fiscal Sustainability		
STRATEGY		Prepare, Restructure, Implement, Refine		
WHO WE ARE		<p>UA ANCHORAGE</p> <p>Comprehensive metropolitan university in Alaska's economic hub, with primary focus on workforce development through its several regional community campuses</p>	<p>UA FAIRBANKS</p> <p>Research university renowned for leadership in Arctic and the North, with additional focus on workforce development and community and rural education</p>	<p>UA SOUTHEAST</p> <p>Comprehensive regional university focused on interdisciplinary & marine-oriented programs, teacher education, e-Learning, and workforce development</p>
CAMPUS LEAD FOR THE STATE*	Research	Social and economic sciences, health policy	Arctic science and policy, physical, biological, and social sciences, engineering and applied energy	Interdisciplinary / environmental
	Teaching	<ul style="list-style-type: none"> • Health professions • Business and public policy • Economics • Logistics • Project Management 	<ul style="list-style-type: none"> • Physical, natural, and related sciences • Arctic / Northern Studies • Rural development / tribal management • Doctoral education • Mine training • Fisheries and ocean sciences 	<ul style="list-style-type: none"> • Marine-oriented programs (including joint programs with UAF) • Teacher education (administration) • Interdisciplinary degrees/ degree completion • Emphasis on regional workforce priorities, e.g., mine training
	Outreach	<ul style="list-style-type: none"> • Aligned with Research and Teaching Focus 		
COURSES / PROGRAMS AVAILABLE ACROSS THE UNIVERSITY SYSTEM		<ul style="list-style-type: none"> • Common General Education Requirements • Liberal Arts and Humanities • Social Sciences & Natural Sciences • Nursing • Engineering • Distance Education / E-Learning • Career and Technical Education • Alaska Native Studies • Teacher Education • Management • Mine training • Wide choice of non-major courses • Dual credit with K-12 • Developmental Education 		

* Research, teaching, and outreach at campuses other than the "lead" campus that are of high quality, cost effective, and core to mission, will continue to be provided.

Goals & Measures 2017-2025

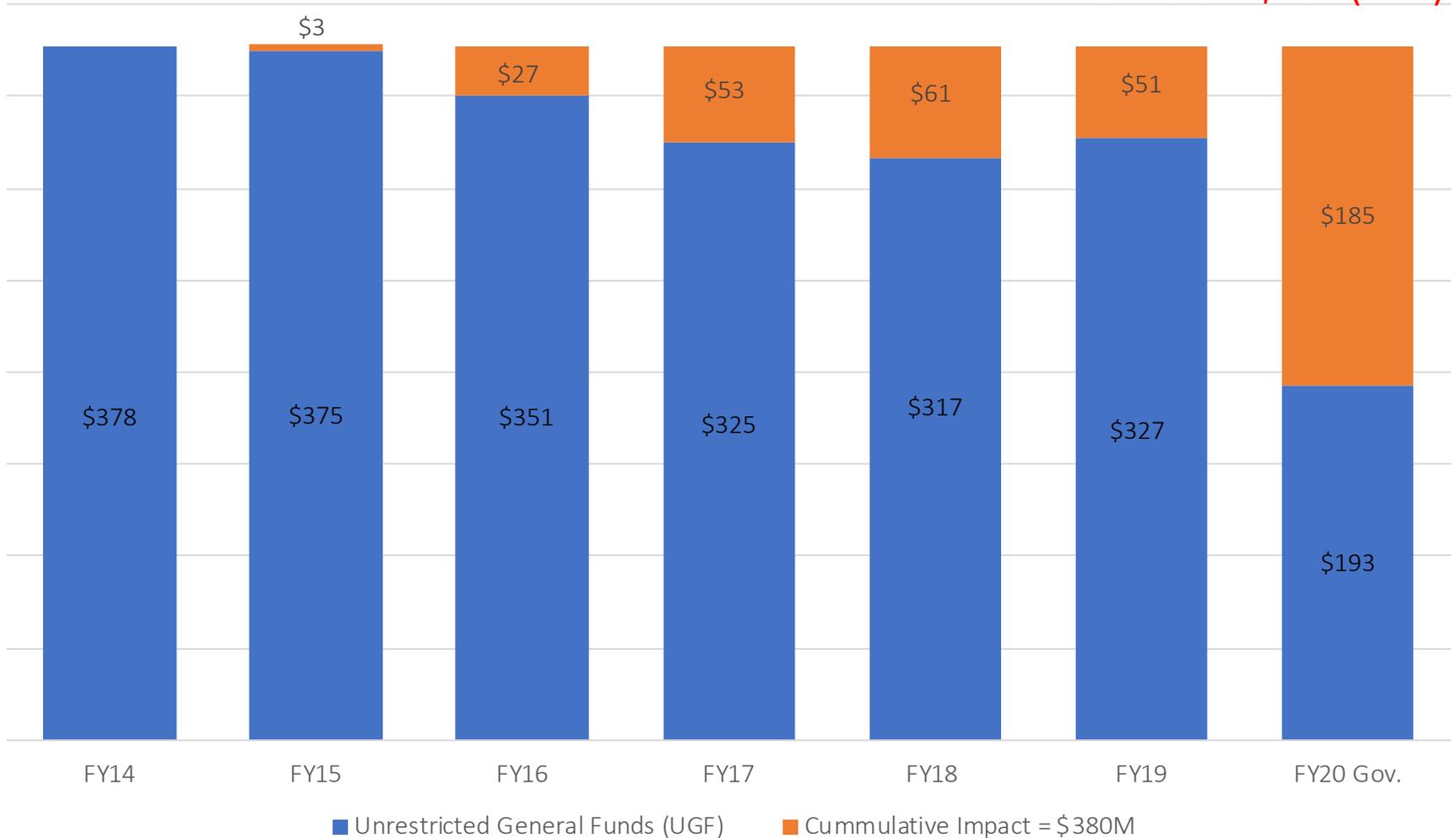
	2017 Baseline	2018 Observed	2019 Target	2020 Target	Change 2019-2020	2025 Goal
1. Contribute to Alaska's economic development						
Increase STEM graduates	1,628	1,691	1,776	1,875	+99 (6%)	2,460
Increase # invention disclosures	17	34	23	25	+2 (9%)	34
2. Provide Alaska's skilled workforce						
Increase % of educators hired	30%	33%	37%	43%	+6% (16%)	90%
Double number of health program completions	874	939	986	1,086	+100 (10%)	1,760
3. Grow our world class research						
Lead the world in Arctic related research	1	1	1	1		1
Increase research expenditures	\$159.4m	\$150.7m	\$157.4m	\$168.3m	+\$10.9m (7%)	\$235m
4. Increase degree attainment						
Fiscal Year Student Full Time Equivalent (FTE)	18,492	17,555	18,433	19,825	+1,392 (8%)	28,526
Increase completions	4,594	4,554	4,781	5,442	+661 (14%)	10,400
5. Operate more cost effectively						
Decrease total cost of education (indirect and direct) per completer	\$107.3	\$108.4	\$103.0	\$93.9	-\$9.1 (-9%)	\$59.0
Increase annual completions per Full Time Equivalent (FTE)	23/100	23/100	24/100	26/100	+1.6 (6%)	35/100

Note: Information is reviewed annually as part of the President's performance compensation (quantitative performance goals)

Unrestricted General Funds History

(in millions of \$)

Gov's Cut \$134 (41%)



ISSUES & PROSPECTS

➤ Natural Assets

- Oil exploration and petroleum projects
- Obligations for unpaid oil tax credits

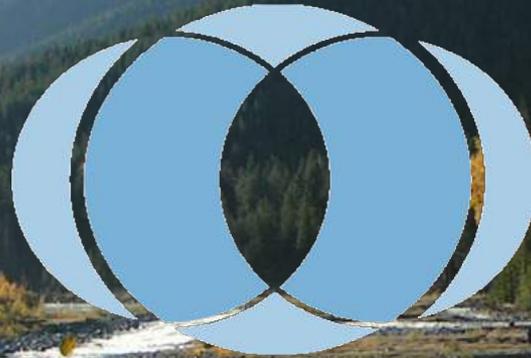
➤ Financial Assets

- Permanent fund percentage of value
- Long range fiscal plan
- Leveraging financial assets and expertise for Alaska

➤ Enterprise Assets

- Are we investing in our critical Infrastructure (railroad, airports, energy)
- Is there an opportunity for recycling and leveraging capital?

**Download today's presentation at:
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