Investment Report FY27 Quarter 1

October 2026 Regular School Board Meeting
Shannon Baird, Finance Director

AMLIP Series I

- Realized $31,601.51 in revenue during quarter one of FY27.

AMLIP Series II

- Realized $0.00 in revenue during quarter one of FY27.
- Additionally had an unrealized gain on investment of $4,797.03 in quarter one of FY27.
- Total value increase of $4,797.03

Please see attached

FY2027 Q1 - Overview

- Interest rates are down significantly compared to two years ago when we joined AMLIP. See the AMLIP quarterly newsletter attached for details, investment fund recaps, and a 5-Year Money Market Comparison.
- The District withdrew $800,000 from its AMLIP Series 1 investment account on September 11, 2026 in order to meet cash flow needs in its First Bank checking account. This was necessary due to capital project expenditures and the closeout of our MS/HS Roof project with the state.
- The total cash value of our investment accounts is $3,254,058.58 as of September 30th. See the next two pages for details.

Yearly interest revenue comparison

	FY2024	FY2025	FY2026	FY2027
Q1	$260.30	$15,005.34	$16,191.69	$36,398.54
Q2	$260.36	$13,432.53	$21,796.97	
Q3	$219.92	$11,993.84	$27,356.97	
Q4	$12,125.64	$12,303.11	$40,714.61	
TOTAL	**$12,866.22**	**$52,734.82**	**$106,060.24**	**$36,398.54**

Looking Ahead…

The District will likely have less cash to invest in FY27 than in FY26. Combined with decreasing interest rates, we are projecting decreased investment revenue for FY27.

AMLIP Series 1 Account	Earnings	FUND								
		100 - General Operating	205 - Pupil Transportation	255 - Food Service	500 - Main Captial	501 - ADA Capital	504 - Floor Replacement	505 - Vehicle Replacement	512 - CTE EQUIPMENT	TOTAL
Ending June 30, 2026		$1,383,482.35	$ 266,125.43	$ 216,789.86	$1,182,369.52	$ 262,730.52	$ 78,192.63	$ 62,270.67	$ 15,000.00	$3,466,960.98
July 1, 2026 Interest	*10597.11*	*$ 4,228.75*	*$ 813.44*	*$ 662.64*	*$ 3,614.03*	*$ 803.06*	*$ 239.00*	*$ 190.34*	*$ 45.85*	*$ 10,597.11*
June 30, 2026 EOY Fund Transfers		*$ (798,623.74)*			*$ 723,623.74*		*$ 15,000.00*	*$ 30,000.00*	*$ 30,000.00*	*$ -*
Ending July 31, 2026		$ 589,087.37	$ 266,938.86	$ 217,452.50	$1,909,607.28	$ 263,533.58	$ 93,431.64	$ 92,461.00	$ 45,045.85	$3,477,558.09
August 1, 2026 Interest	*10451.12*	*$ 1,770.39*	*$ 802.23*	*$ 653.51*	*$ 5,738.95*	*$ 792.00*	*$ 280.79*	*$ 277.87*	*$ 135.38*	*$ 10,451.12*
Ending August 31, 2026		$ 590,857.75	$ 267,741.10	$ 218,106.01	$1,915,346.24	$ 264,325.58	$ 93,712.43	$ 92,738.88	$ 45,181.23	$3,488,009.21
September 1, 2026 Interest	*10553.28*	*$ 1,787.69*	*$ 810.07*	*$ 659.90*	*$ 5,795.05*	*$ 799.74*	*$ 283.54*	*$ 280.59*	*$ 136.70*	*$ 10,553.28*
September 11, 2026 Transfer out		*$ -*	*$ -*	*$ -*	*$ (800,000.00)*	*$ -*	*$ -*	*$ -*	*$ -*	*$ (800,000.00)*
Ending September 30, 2026		$ 592,645.44	$ 268,551.17	$ 218,765.91	$1,121,141.28	$ 265,125.32	$ 93,995.96	$ 93,019.47	$ 45,317.93	$2,698,562.49

AMLIP Series 2 Account	Earnings	FUND	
		100 - General Operating	TOTAL
Ending June 30, 2026		$ 550,699.06	$ 550,699.06
July 1, 2026 Gain	*1726.93*	*$ 1,726.93*	*$ 1,726.93*
No Transfer			
Ending July 31, 2026		$ 552,425.99	$ 552,425.99
August 1, 2026 Gain	*1678.96*	*$ 1,678.96*	*$ 1,678.96*
Ending August 31, 2026		$ 554,104.95	$ 554,104.95
September 1, 2026 Gain	*1391.14*	*$ 1,391.14*	*$ 1,391.14*
No Transfer		*$ -*	*$ -*
Ending September 30, 2026		$ 555,496.09	$ 555,496.09

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Quarterly Letter to Members
September 2026

"One Hike, Now What?"
Publication produced by KeyBank Institutional Advisors

Key Takeaways:

- Rates move higher: The FOMC raised rates 0.25%, bringing the Fed Funds range to 3.75%-4.00%. The decision was unanimous.
- One more to go: The SEP points to one additional rate hike in 2026.
- Inflation still matters: Price pressures remain above the Fed's 2% target.
- Data will decide: The Fed is not committing to a preset rate path.
- Higher for longer: The projected policy path has shifted higher.
- Investor lens: Favor liquidity and flexibility as policy uncertainty remains elevated.

What Did the Fed Do?
The Federal Open Market Committee raised the federal funds target range by 0.25% to 3.75%-4.00%, its first increase under Chairman Kevin Warsh. The vote was unanimous, 12-0. The move shifts policy back toward restraint as the Committee responds to persistent inflation while economic activity and the labor market remain resilient.

Warsh defended the move early in the press conference, saying the "decision today was the right decision." That framing matters: the hike was presented as a deliberate step toward restoring price stability, not as a reluctant response to a single data point.

What Did the Fed Say?

The statement was short and notably direct. The Fed described economic activity as expanding at a solid pace, with resilient domestic spending, strong productivity growth and robust capital investment. Job gains have kept pace with the workforce, and the unemployment rate has changed little.

On inflation, the message was even clearer: inflation remains elevated, and the Committee said today's policy action will support a timelier return to its 2% goal. The closing line – "The Committee will deliver price stability" – left little ambiguity about the Fed's priority.
Warsh also framed independence as reciprocal: "Independence is a two-way street. We must stay in our lane. "In other words, the Fed should focus on monetary policy while leaving fiscal and trade policy to those responsible for them-a clear definition of the institutional boundaries Warsh believes support Fed independence.

What Changed in the SEP?
The September Summary of Economic Projections ("SEP") reinforce the hawkish message. The median federal funds rate is 4.1% at year-end 2026 (4.125% on the dot plot), up from 3.8% in June. With the new federal funds target range at 3.75%-4.00%, that median implies one additional 0.25% rate hike before the end of 2026.
The median remains 4.1% in 2027, then declines only gradually to 3.9% in 2028 and 3.6% in 2029. The longer-run median moved to 3.2%. The message is not simply one more rate hike; it is a higher-for-longer policy path with little near-term relief embedded in the median forecast, clearly a hawkish shift.

Inflation also moved modestly higher. Median headline PCE inflation is now forecasted to rise 3.7% for 2026 versus 3.6% in June's SEP, while core PCE is projected to increase by 3.4% versus 3.3%. At the same time, the unemployment rate projection improved to 4.1% from 4.3% in June's forecast. That combination – firmer inflation and a more resilient labor market – gives the Fed more latitude to keep policy restrictive.

The distribution is important. Twelve participants placed their 2026 forecast at 4.125%, four at 4.375% and two at 3.875%. Chair Warsh did not submit a forecast. The clustering around 4.125% makes one additional rate hike the center of gravity, but the dispersion shows that the Committee is not unanimous about how much more tightening may ultimately be needed.

What Happens from Here?
The SEP now places another 0.25% increase squarely on the table for the remainder of 2026, but the forecasts are projections not commitments. Inflation, labor market conditions and growth will determine whether the Committee follows through. Warsh reinforced that flexibility, noting that "trends matter, data points are noisy." The message: the Fed will focus on the broader trajectory of the economy rather than overreact to any single release.

Warsh's decision not to submit a forecast is particularly relevant. It allows him to defend the September rate hike while avoiding a personal commitment to the median year-end path. In other words, the Committee has signaled one more hike; the Chair has retained flexibility.

What Does It Mean for Investors and Consumers?
For investors, the Fed's message reinforces a higher-for-longer rate environment. Attractive yields on cash and short-term securities raise the hurdle for taking risk, while another potential rate increase could keep pressure on interest-rate-sensitive assets. Equity investors may face a higher discount rate on future earnings, particularly for longer-duration growth stocks, while companies with strong balance sheets, durable cash flows and less reliance on financing may be better positioned to absorb elevated borrowing costs. Credit markets should also remain sensitive to any signs that restrictive policy is beginning to weigh on corporate fundamentals.

At the same time, higher short-term rates do not necessarily mean higher long-term yields indefinitely. If investors become more confident that the Fed is willing to contain inflation, longer-term inflation expectations and yields could eventually moderate. The broader message across asset classes is to remain flexible rather than assume this rate hike defines the entire path ahead. For consumers, the trade-off is less comfortable. Higher short-term rates will keep borrowing costs elevated for credit cards, floating-rate loans and other rate-sensitive financing. The Fed is effectively betting that a firmer stance now can restore price stability more quickly, even if near-term financing conditions remain restrictive.

Bottom Line

One hike, now what? The September meeting delivered a clear answer: the Fed is not declaring victory on inflation. The 0.25% increase was unanimous, the SEP points to one more hike in 2026, and the projected path stays higher for longer. But with Warsh stressing that “trends matter, data points are noisy,” the next move is not preordained. The Committee has signaled the direction; the Chair has preserved the flexibility to let the data determine the timing.

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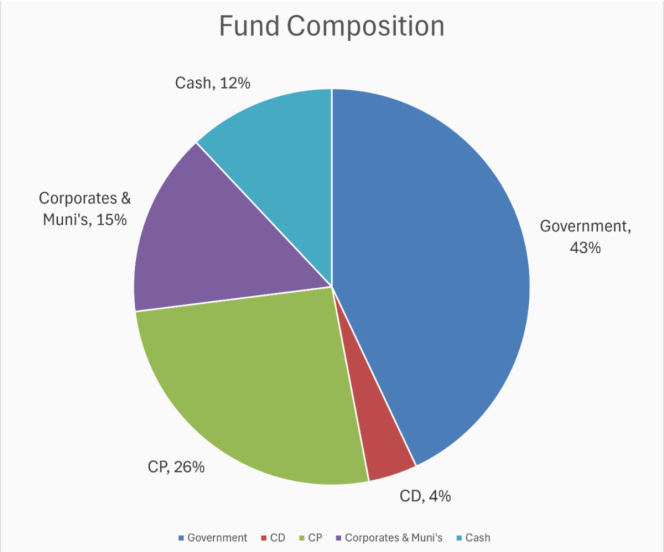
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Series I Recap

The month opened with a $879,087,048 share balance and closed with a balance of $921,140,020. The seven-day effective yield ended the month at 3.79%. The monthly seven-day average yield in September was 3.70%. Average maturity ended the month at 31 days.

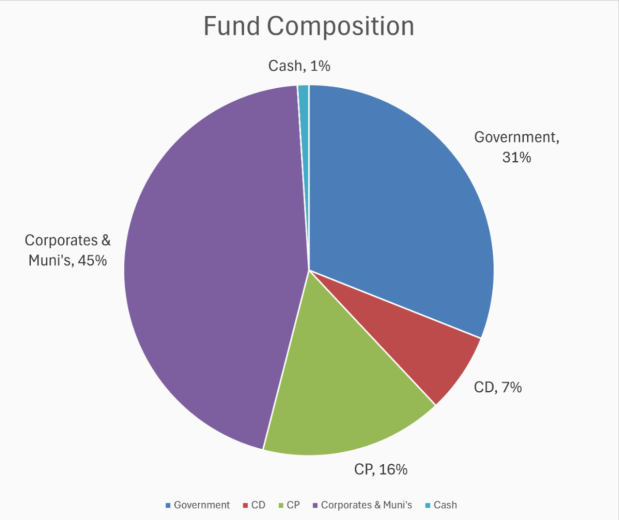
As of September 30, 2026, the Series I portfolio had 12% of its portfolio assets allocated to overnight investments/cash, corporate securities made up 15% of the assets, Commercial Paper represented 26%, CDs represented 4%, and Treasury & Agency represented 43%.



Data: KeyBank, NA

Series I Fact Sheet

Series II Recap



The month opened with a $121,089,947 Shareholder Equity balance and closed at $121,388,026. The thirty-day effective yield ended the month at 3.14%. The thirty-day average yield in September was 3.38%. Average maturity ended the month at 75 days.

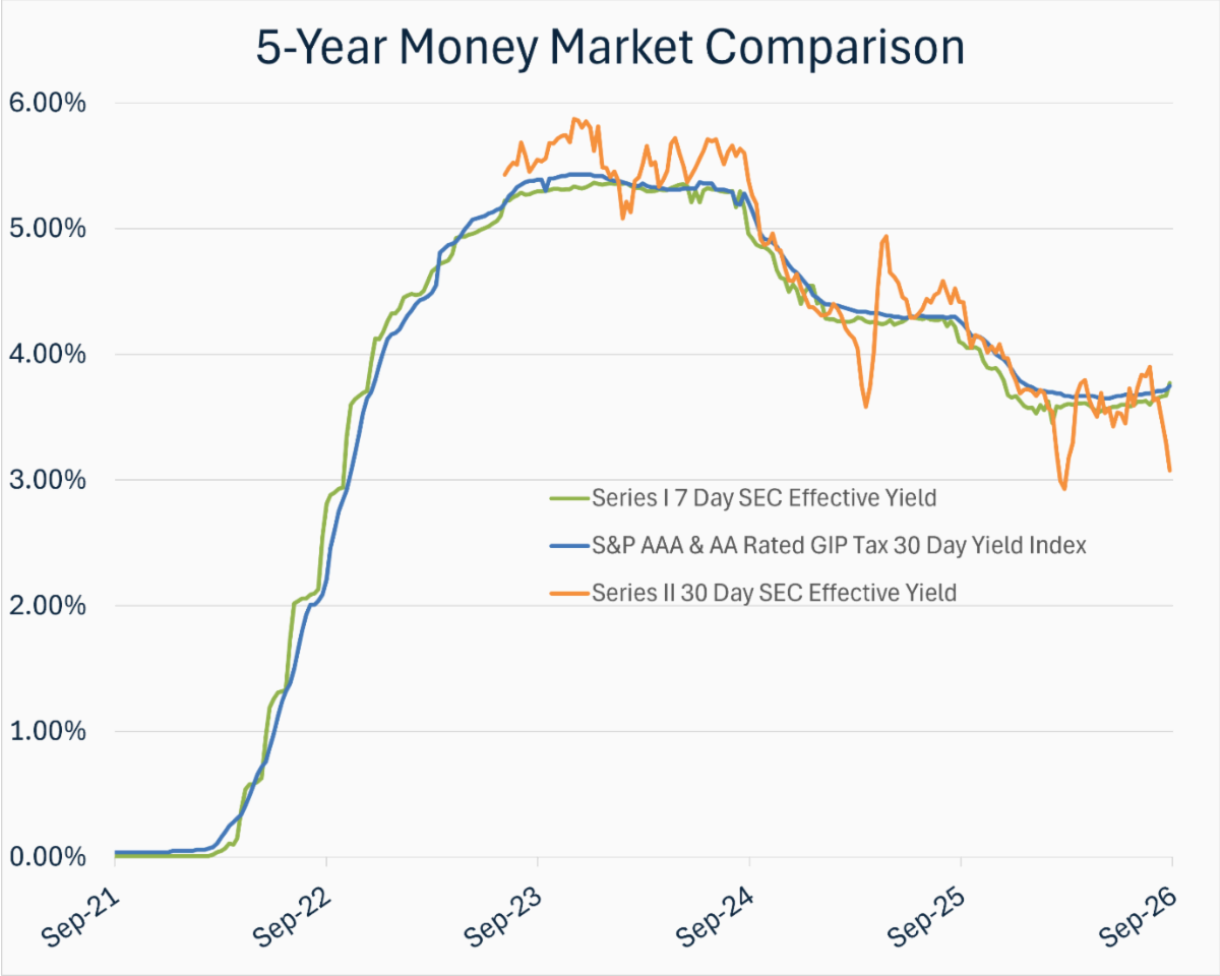
As of September 30, 2026, the Series II portfolio had 1% of its portfolio assets allocated to overnight investments/cash, corporate securities made up 45% of the assets, Commercial Paper represented 16%, CDs represented 7%, and Treasury & Agency represented 31%.

Data: KeyBank, NA

SERIES II Fact Sheet

Comparisons

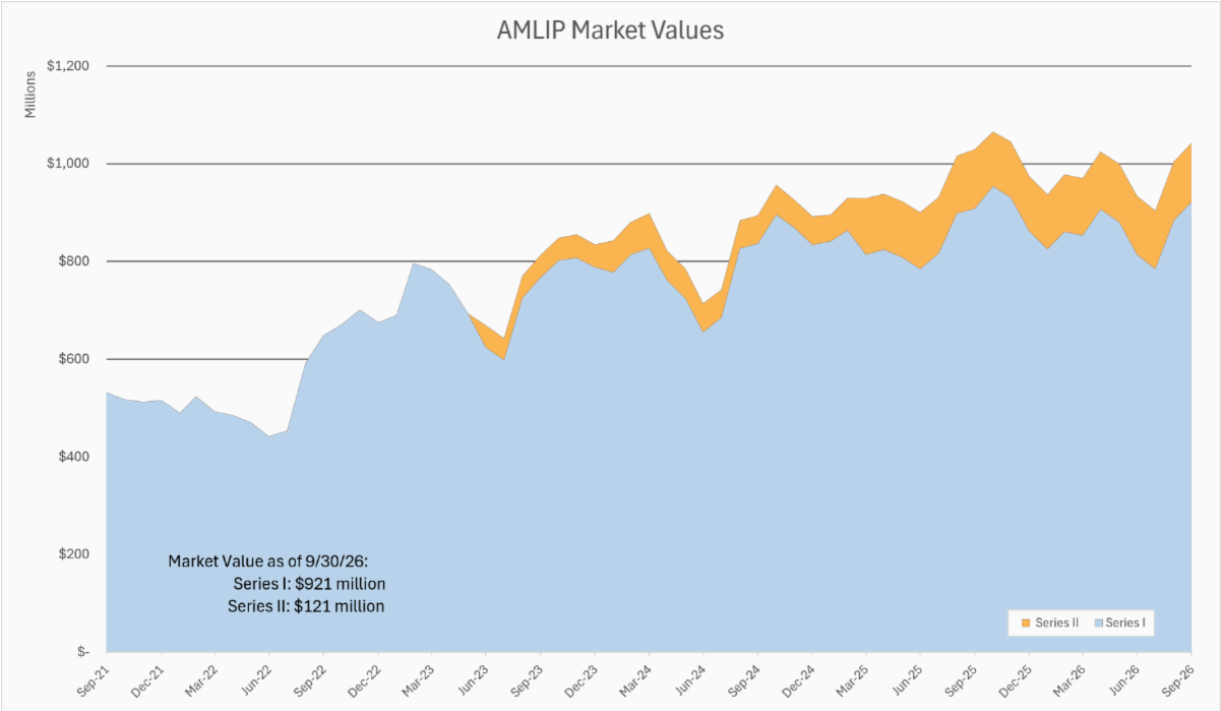
On September 30, 2026, the S&P AAA & AA Rated GIP Tax 30 Day Yield Index was 3.78%, the Series I Pool's 7-day SEC effective rate was 3.79%, and the Series II Pool's 30-day SEC effective rate was 3.14%. All Pool rates are quoted net of fees and expenses.



Data: KeyBank, NA & S&P

Portfolio Comparison

AMLIP Market Values



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91 Members Representing 238 Accounts

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Denali Borough School District
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Eek, City of
Egegik, City of
Elim, City of
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Kake City School District
Kenai Peninsula Borough
Kenai, City of
Ketchikan Gateway Borough
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Kodiak, City of
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Koyuk, City of
Manakotak, City of
Marshall, City of
Matanuska-Susitna Borough
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Mekoryuk, City of
Mekoryuk, Village of
New Stuyahok, City of
Nome, City of
North Pole, City of
Northwest Arctic Borough
Nulato, City of
Old Harbor, City of
Palmer, City of
Pelican City School District
Pelican, City of
Petersburg Borough
Petersburg School District
Pilot Station, City of
Platinum, City of
Pribilof School District
Quinhagak, City of
Sand Point, City of
Selawik, City of
Seldovia, City of
Seward, City of
Sitka, City and Borough
Soldotna, City of
St. Paul, City of
Tenakee Springs, City of
Toksook Bay
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Unalaska, City of
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Wrangell School District
Wrangell, City and Borough
Yakutat, City and Borough

Is your municipality or school district interested in enrolling in AMLIP?

Would you like to open an additional account?

Contact us for more information.

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