

LEGAL SERVICES

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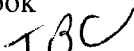
State Capitol
Juneau, Alaska 99801-1182
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MEMORANDUM

January 12, 2009

SUBJECT: Restrictions on investments in companies that do business in Sudan; Sectional Summary
(HB 45; Work Order No. 26-LS0249\R)

TO: Representative Les Gara
Attn: Katie Conway and David Theriault

FROM: Tamara Brandt Cook
Director 

Sec. 1. The Alaska Retirement Management Board is required to comply with AS 37.13.125, a new section added in bill sec. 2. The board is permitted to cooperate with the Board of Trustees of the Alaska Permanent Fund Corporation in complying with the new section.

Sec. 2. A new section is added restricting certain investment in companies involved in business in Sudan. Under subsection (a), the Board of Trustees of the Alaska Permanent Fund Corporation is required to identify all scrutinized companies in which the Permanent Fund has direct or indirect holdings or might have holdings in the future that have active business operations in Sudan. The board must prepare and update on a quarterly basis a scrutinized companies list or it may rely on a list generated and updated by another entity. Subsection (b) identifies the characteristics of companies that may not be included on the scrutinized companies list. Subsection (c) requires the Board of Trustees to send certain notices to companies regarding divestment requirements. Under subsection (d), if, 90 days after the notice is sent, a company continues to have active business operations in Sudan, all publicly traded securities of the company held directly by the Permanent Fund and managed by a hired manager or by an employee of the fund must be divested. A divestment schedule is set out for securities not managed by a hired manager or by an employee that are held directly by the fund. Subsection (e) addresses indirect holdings of the fund that are part of a separate, actively managed commingled fund in which other investors own interests. These indirect holdings need not be divested. Under subsection (f), the Board of Trustees is required to file a report by February 1 each year summarizing its activities relating to divestment of investments in companies with active business operations in Sudan and including the list of scrutinized companies relied on by the board. Under subsection (g), this new law prevails over other provisions of law. The Board of Trustees is permitted to cooperate with the Alaska Retirement Management Board in carrying out the requirements of the new law. Subsection (h) sets out definitions of terms used in the new law.

Sec. 3. The new provisions in this Act are repealed when the U.S. Congress or President declares that the Darfur genocide has stopped and not been resumed for at least 12 months, the U.S. revokes sanctions against the government of Sudan, the U.S. Congress or President declares that the government of Sudan has honored commitments to stop attacks on civilians and take certain other actions, or the U.S. Congress or President declares that mandatory divestment of investments in companies that do business in Sudan interferes with the conduct of foreign policy.

Sec. 4. The Alaska Retirement Management Board and the Board of Trustees of the Alaska Permanent Fund Corporation are required to prepare the initial list of scrutinized companies or select a list generated by another entity within 90 days after the effective date the new sections added in this Act.

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