

**CS FOR HOUSE BILL NO. 345(L&C)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 4/26/96  
Referred: Finance

Sponsor(s): REPRESENTATIVES FOSTER, Ivan

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the investments of the Alaska State Pension Investment  
2 Board."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** LEGISLATIVE FINDINGS AND PURPOSE. (a) The legislature finds that

5 (1) the existence of a strong and healthy free enterprise system is directly  
6 related to the well-being and competitive strength of businesses in the state and to the  
7 opportunity for businesses in the state to grow and expand;

8 (2) the state needs to examine its purchasing practices in order to ensure that  
9 state agencies support businesses in the state by making every reasonable effort to identify  
10 services available in the state and to foster bidding by local and resident businesses.

11 (b) The legislature declares that the purpose of this Act is to foster a procurement  
12 process where businesses in the state obtain a fair proportion of the state's total procurement  
13 contracts.

14 \* **Sec. 2.** AS 37.10.220(a) is amended to read:

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(a) The board shall

(1) hold regular and special meetings at the call of the chair or of at least four members;

(2) establish investment policies for the funds for which it is responsible after reviewing recommendations from the investment advisory council and the Department of Revenue;

(3) submit long-range and quarterly investment reports to the Legislative Budget and Audit Committee;

(4) report to the governor and employers participating in the retirement systems by the first day of each regular legislative session concerning the investment of funds for which the board is responsible, including financial and investment policies established by the board, and enclose a summary of the most recent performance evaluations of the funds managed by the board; the board shall notify the legislature that the report is available;

(5) contract with external performance evaluators to review the performance of each fund for which the board is responsible and report each year on the fund's condition to the board of trustees and to the other appropriate boards;

(6) engage independent certified public accountants to perform an annual audit of each of the funds for which the board is responsible and to report to the board with the results of the audit;

(7) review the actuarial earnings assumption for each fund for which the board is responsible every two years and report its findings and recommendations to the appropriate board or agency;

(8) after reviewing the recommendations from the Department of Revenue and the advisory council, select and retain the external investment managers and custodians for the funds managed by the board;

(9) develop an annual operating budget plan and present it to the Department of Revenue and the office of management and budget; the board shall notify the legislature that the plan is available;

**(10) invest the funds for which the board is responsible in in-state investments to the extent in-state investments are available and if the in-state**

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investments

(A) have a risk level and expected yield equal to or more favorable than alternate investment opportunities; and

(B) are consistent with the investment policies established by the board under (2) of this subsection.