

**SENATE BILL NO. 89**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY SENATORS RIEGER, Frank, Green, Halford, Kelly, Leman, Miller, Pearce, Phillips, Sharp, Taylor, Torgerson

Introduced: 2/15/95

Referred: STA, FIN

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to the members of the board and staff of the Alaska  
2 Permanent Fund Corporation."

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

4 \* **Section 1.** AS 37.13.050(a) is amended to read:

5 (a) The Board of Trustees of the Alaska Permanent Fund Corporation consists  
6 of seven [SIX] members appointed by the governor. One [TWO OF THE MEMBERS  
7 MUST BE HEADS OF PRINCIPAL DEPARTMENTS OF STATE GOVERNMENT,  
8 ONE OF WHOM] shall be the commissioner of revenue. Six [FOUR] members shall  
9 be appointed by the governor from the public and may not hold any other state or  
10 federal office, position, or employment, either elective or appointive, except as a  
11 member of the armed forces of either the United States or of this state.

12 \* **Sec. 2.** AS 37.13.050(b) is amended to read:

13 (b) The [FOUR] public members of the board must have recognized  
14 competence and wide experience in finance, investments, or portfolio [OTHER

1 BUSINESS] management-related fields.

2 \* **Sec. 3.** AS 37.13.060 is amended to read:

3 Sec. 37.13.060. TERM OF OFFICE. The public members of the board shall  
4 be appointed for terms of four years, and they may be reappointed. The terms of the  
5 public members shall be staggered so that **the terms of** no more than **two** [ONE  
6 TERM OF A] public **members expire** [MEMBER EXPIRES] each year.

7 \* **Sec. 4.** AS 37.13.070(a) is amended to read:

8 (a) **Within the limitations of AS 37.13.075, the** [THE] governor may remove  
9 a **public** member of the board from office **for cause**. A removal by the governor must  
10 be in writing and must state the reason for the removal. A member who is removed  
11 by the governor may not participate in board business and may not be counted for  
12 purposes of establishing a quorum after the member receives written notice of removal  
13 from the governor.

14 \* **Sec. 5.** AS 37.13 is amended by adding a new section to read:

15 Sec. 37.13.075. LIMITATIONS ON GOVERNOR. (a) The governor shall  
16 base the decision to appoint or remove a board member solely on the financial best  
17 interest of the fund.

18 (b) The governor may not influence or attempt to influence the board to make  
19 an investment decision that violates prudent investment principles.

20 (c) Violation of this section constitutes a violation of AS 39.52.

21 \* **Sec. 6.** AS 37.13.100 is amended to read:

22 Sec. 37.13.100. CORPORATION STAFF. The board may employ and  
23 determine the salary of an executive director. The executive director may, with the  
24 approval of the board, select and employ additional staff as necessary. **The executive**  
25 **director and other employees serve at the pleasure of the board.** An employee of  
26 the corporation, including the executive director, may not be a member of the board.  
27 The executive director and the other employees of the board are in the exempt service  
28 under AS 39.25. **The board may not enter into an employment contract with an**  
29 **employee that exceeds two years' duration.**

30 \* **Sec. 7.** AS 37.13.100 is amended by adding a new subsection to read:

31 (b) A board member shall act solely in the best interest of the fund when

- 1 making decisions regarding the executive director or employees of the corporation.
- 2 A person who violates this subsection breaches a fiduciary responsibility.