

ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE

March 19, 2012

3:59 p.m.

MEMBERS PRESENT

Representative Kurt Olson, Chair
Representative Craig Johnson, Vice Chair
Representative Dan Saddler
Representative Steve Thompson
Representative Lindsey Holmes
Representative Bob Miller

MEMBERS ABSENT

Representative Mike Chenault

COMMITTEE CALENDAR

PRESENTATION BY UAF STUDENTS

- HEARD

SENATE BILL NO. 125

"An Act relating to certain vehicles, including trailers; and relating to motor vehicle dealer advertising, motor vehicle dealer sales of used motor vehicles, motor vehicle sales contracts, motor vehicle service contracts, and motor vehicle sales financing."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 125

SHORT TITLE: MOTOR VEHICLE TRANSACTIONS

SPONSOR(s): SENATOR(s) MEYER

04/12/11	(S)	READ THE FIRST TIME - REFERRALS
04/12/11	(S)	TRA, L&C
02/02/12	(S)	TRA AT 1:00 PM BUTROVICH 205
02/02/12	(S)	Moved SB 125 Out of Committee
02/02/12	(S)	MINUTE(TRA)
02/03/12	(S)	TRA RPT 5DP
02/03/12	(S)	DP: KOOKESH, HUGGINS, MENARD, THOMAS, EGAN
02/09/12	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)

02/09/12	(S)	Heard & Held
02/09/12	(S)	MINUTE(L&C)
02/16/12	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
02/16/12	(S)	Moved SB 125 Out of Committee
02/16/12	(S)	MINUTE(L&C)
02/17/12	(S)	L&C RPT 4DP
02/17/12	(S)	DP: EGAN, GIESSEL, PASKVAN, DAVIS
02/22/12	(S)	TRANSMITTED TO (H)
02/22/12	(S)	VERSION: SB 125
02/24/12	(H)	READ THE FIRST TIME - REFERRALS
02/24/12	(H)	L&C
03/19/12	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

CRAIG WISEN, PhD
 Director, Business Administration Program
 University of Alaska Fairbanks (UAF)
 Fairbanks, Alaska

POSITION STATEMENT: Facilitated the UAF Student Investment Fund (SIF) presentation by the UAF Students.

DANIEL GRONDAHL
 Willow, Alaska

POSITION STATEMENT: Presented the UAF Student Investment Fund (SIF) as part of the UAF Student Presentation.

JEFF BUE
 Fairbanks, Alaska

POSITION STATEMENT: Presented the UAF Student Investment Fund (SIF) as part of the UAF Student Presentation.

PATRICK "Craig" MILLARD
 Juneau, Alaska

POSITION STATEMENT: Presented the UAF Student Investment Fund (SIF) as part of the UAF Student Presentation.

BRICE MILLER
 Soldotna, Alaska

POSITION STATEMENT: Presented the UAF Student Investment Fund (SIF) as part of the UAF Student Presentation.

MITCHELL TITUS
 Fairbanks, Alaska

POSITION STATEMENT: Presented the UAF Student Investment Fund (SIF) as part of the UAF Student Presentation.

SENATOR KEVIN MEYER
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Testified as sponsor of SB 125.

ACTION NARRATIVE

[3:59:19 PM](#)

CHAIR KURT OLSON called the House Labor and Commerce Standing Committee meeting to order at 3:59 p.m. Representatives Miller, Johnson, Saddler, Thompson, and Olson were present at the call to order. Representatives Holmes arrived as the meeting was in progress.

Presentation by UAF Students

[3:59:32 PM](#)

CHAIR OLSON announced that the first order of business would be a Presentation by UAF Students.

[3:59:55 PM](#)

CRAIG WISEN, PhD, Director, Business Administration Program, University of Alaska Fairbanks (UAF), on behalf of the UAF, stated that the students are not here to ask for money, but to demonstrate how they are earning money. He gave a brief history of the U.S. financial chaos during the years from 1861-1941. He related the UAF Student Investment Fund's students attempt to earn money. The two-part series is a compendium of 75 years of American finance, beginning at the Civil War and ending at the outbreak of World War II. During that time, the U.S. endured a tremendous amount of chaos which typifies the hardship and resilience that American has gone through. The last twenty years students have been managing funds on behalf of the UAF with the goal of providing scholarships for future generations. These 20 years have been a difficult time period, but not nearly as difficult as what is outlined in the first 75 years of American finance. He turned over the presentation to his students to describe the process and the performance.

DANIEL GRONDAHL stated that he is a senior at the UAF and is pursuing a degree in finance. He hopes to work for McKinley Capital in Anchorage. He loves Alaska and wants to pursue a career in finance and remain in Alaska.

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JEFF BUE stated that he is pursuing a finance degree at UAF, but would like to apply to dental school. He plans on coming back to Alaska after dental school and would go to school in Alaska, but there are not any dental schools in Alaska. He lived in Nome until he was 10-years old. His parents lived in Nome for ten years and his mother was born and raised in Fairbanks.

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PATRICK "Craig" MILLARD stated that he is a fifth-generation Alaskan from Juneau. He completed his finance degree last December. He is currently finishing his two jobs during his stay in Fairbanks, one of which was working with the supercomputing center and the other with a GED testing nonprofit. He related he is currently looking for employment and loves Alaska, but may end up living in other places for some time. He loves the freedom Alaskans enjoy. He appreciated the opportunity to testify before the committee.

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BRICE MILLER stated that he is a third generation Alaskan. His grandparents homesteaded on the Kenai Peninsula and own Kraxberger Drilling, Inc., which is a water drilling operation. He said he has worked for them for ten years. He came to UAF to study mechanical engineering, but switched his major to finance and will graduate in December. He would like to work in Alaska and then get his Master's degree in Business Administration.

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MITCHELL TITUS stated that he was born and raised in Fairbanks and is working to earn a double major in mechanical engineering and finance at UAF. He was uncertain of his work path since his interests are varied. He would like to combine his interests in engineering, finance, and law, and live and work in Alaska.

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MR. GRONDAHL explained that the Student Investment Fund (SIF) course is structured to provide the best possible opportunities for students to make money. He highlighted the concept of applied learning and the fact that the students learn by doing. He characterized the course as quite an endeavor since students are dealing with real money. Through applied learning the

students build character and accountability. Each student is cognizant that the money they are working with belongs to someone else. Their goal is to manage the money responsibly. The students also want to grow the fund to help other students. He explained the core structure, such that the course is presentation driven and students receive peer feedback to provide checks and balances and to ensure responsible investments [slide 1].

[4:08:16 PM](#)

MR. MILLER turned to the SIF's mission statement [slide 2]. He read, "The SIF shall manage endowed funds in a professional manner to maximize risk-adjusted returns and provide experiential learning opportunities." He explained that this basically means the students will try to decrease their risk and increase their earnings in a manner that creates a structured learning experience for all students and gives them an opportunity to expand the funds.

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REPRESENTATIVE SADDLER asked whether the SIF is real money.

MR. MILLER answered yes. In further response to Representative Saddler, Mr. Miller explained the original endowment was \$100,000 by the UAF, but the fund has since grown.

REPRESENTATIVE SADDLER asked whether the responsibility for the management of the SIF is the finance students' responsibility.

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MR. MILLER outlined the SIF's objectives and guidelines [slide 3]. He explained that one major benchmark is to outperform the Standard & Poor (S&P) 500 on a risk-adjusted basis. He outlined that the students work on screening valuation of companies in a bottom-up approach. They work to ensure that the companies they select have strong fundamentals and balance sheets. Students try to avoid companies that are on the way in or on the way out. He related that students seek high liquidity so they can sell without taking a loss.

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MR. MILLER reviewed the SIF's timeline [slide 4]. He explained that the timeline represents a 20-year period beginning with the

\$100,000 principal endowment in 1991. He pointed out that the students were very conservative in their approach during the first few years. In 1993, the fund focused on small cap growth and in 1993-1995 focused on large cap growth. The stock market did very well from 1997-1999, with earnings per share growth running approximately 25 percent. In 1999, the SIF program restructured the fund into three distinct portfolios. In 2001, the three funds were consolidated back to one portfolio with a focus on valuation and critical analysis of corporate governance. He highlighted that the SIF currently focuses not only on balance sheets, but who owns these companies, as well as details of ownership and if the company has engaged in insider trading. He reiterated that this program has been in effect for 20 years and the students have kept it alive.

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MR. MILLER spoke briefly about the prior students involved in the program.

MR. GRONDAHL explained that Mr. Titus will discuss the screening processes and Mr. Bue will talk about the process of picking a stock.

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MR. TITUS explained each approach to the screening process is unique [slide 5]. He indicated this includes both the weakness and strength of the process: the weakness being the sense that the students do not use any proprietary formula and the advantage is that each student observes the market differently. Since their perspectives are unique, each student can view the market in ways that are different from other traders, which potentially allows them to see gains they would not otherwise see. He described a screening, which included screening for factors in a stock, such as a high return on personal investments, increasing shares, and a lower price in comparison to the fundamental value [slide 6]. He explained that if the criteria used is not too specific it should result in a list of a broad array of industries [slide 7]. The students use the human element, which identifies qualitative factors - entirely up to the individual student - and may include factors such as insider trading, price shocks, or the internal analysis of the accounting [slide 8]. Next, the student puts the information into differences models.

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MR. BUE pointed out one of his stocks, the Cascade Corporation, which was put into the portfolio [slides 9-10]. He characterized this process as the "meat and potatoes" of the class. As Mr. Titus previously mentioned, the companies are narrowed down to ones the students will delve into more closely. Initially, each student will review the basics, such as the type of industry, the size, and the direction the company is taking [slide 9]. Next, the students consider the specifics, such as the competitors and a comparison between them to determine such things as whether they are losing or gaining market share, or if a stock is moving up a slot, which can be a big indicator [slides 10-11]. The students examine the revenues and this slide demonstrates the cyclical nature of this company and how it reacts to the overall economy [slide 12]. He pointed out that this specific company was a small industrial company. He also pointed out that in 2010 - on the right of the slide - this company reacted greatly during the changes in the world economy. The students try to figure out the reasons for any extraordinary high or low changes. He explained that they also consider other measures such as the earnings and forecasts [slide 13]. He recapped that the students perform due diligence on the companies to figure out their story and what has affected them.

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MR. BUE elaborated on the Cascade Corporation and noted that he considered reasons for reduced earnings during 2009-2010 and presented his findings to the class to show what happened and why his logic made sense [slide 14]. He told the class that he concluded the company would not be adversely affected overall by their decisions and would come back even stronger.

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MR. BUE provided some of the changes the Cascade Corporation made in its European restructuring [slide 15]. He explained that the students spend about 45 minutes on each stock to highlight the company for the class. Everyone trusts the research the presenter has taken on the portfolio stock. He emphasized that students must be honest with their answers and they do the best possible job since a \$30,000 transaction is riding on the outcome. Sometimes a student will discover a flaw the night before the presentation and bring forth that information in his/her presentation so everyone can make the right decision [slide 16].

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MR. BUE pointed out another area students consider is acquisitions [slide 17]. A company could grow internally or by acquiring other companies. He highlighted that students get a feel for the company's growth by examining what decisions the company is making and whether the decisions make sense [slide 18].

MR. BUE said students also consider the quality of corporate governance such as the history of lawsuits, any internal auditing and accounting anomalies, as well as related party transactions, such as whether the executives are buying themselves personal jets. These types of considerations help determine whether the company is ethical [slide 19]. Students also check message boards for information outside SEC filings.

MR. BUE related that students assess executive compensation to determine whether the executives are overly compensated, if they are equivalent to similar industries. Students consider whether the corporate motivation is aligned with the stockholders' motivation - whether company incentives are tied to how well the company performs or if they have different incentives. He recapped that this process helps students decide whether the company's goal is aligned to the student's interest [slides 20-21].

[4:19:40 PM](#)

MR. BUE detailed that students review the executive officers profiles to identify their backgrounds, including which schools they attended, whether they are buying into the company and if any unusual transactions appear in the related party transactions [slides 22-24]. Further, students review analysts' forecasts, to get a feel for what analysts - who are well paid to analyze the companies - think about the company [slide 25].

MR. BUE explained that once the qualitative process is completed students perform their quantitative analysis using several models and spend a significant amount of time on each company. Additionally, students will also spend a significant amount of time on the models during their presentations [slides 26-29]. He related that the short-interest ratio tells what other investors have determined [slide 30].

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MR. BUE summarized that students draw conclusions, including considering the pros and cons, making sure due diligence has been done and everything relevant and useful is presented, including providing graphs and other technical aspects [slides 31-33].

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MR. BUE explained that in order to place a company in the portfolio students must have enough money to do so and must identify another stock to sell to raise the funds. He pointed out that the students hold about 40 stocks valued at \$650,000. He described the process students use to identify the stock to be removed, which is to perform the same due diligence to find reasons to sell the company [slide 34]. The overall presentation is about a 45-minute presentation. The students also field questions. He related that the questions are hard and students may not always know the answer. Students vote anonymously on whether to purchase stocks and the trade is executed in class.

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MR. MILLARD reiterated that the paradigm of the class is to manage someone else's money with the goal being to maximize the risk-adjusted return [slide 36]. He stated the portfolio is a well-diversified portfolio that includes 40 positions with a value of approximately \$650,000. The students manage risk through active waiting based on their benchmark of the S&P 500. They also have liquidity requirements such as a tilt toward large cap stocks, such as International Business Machines Corporation (IBM). He reiterated that the portfolio is tilted for larger companies. Given that they have taken 12 percent less risk than the benchmark, the SIF student's portfolio has an annual return of 6.03 percent. He characterized this as great since the risk-adjusted metric is a formula that is difficult to explain, but basically students are taking less risk than the benchmark yet have generated an above average return.

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MR. MILLARD reviewed the performance through 1/31/12, noting the SIF almost always outperforms the S&P 500. Additionally, the small stocks, Russell 2000, represent the bottom 2,000 stocks of the Russell 3000 index and the Russell 3000 index represents the smaller companies. He pointed out that the SIF students managed

to perform on term with them since the students are using larger stocks that are inherently less risky.

MR. MILLARD said this does not mean that the SIF students don't make mistakes and at any given time their choices are a coin toss. He referred to a graph that shows the calendar year returns [slide 38]. He pointed out the magnitude of stocks that outperform has been better than those that underperform, which offsets any losses. He characterized that at any given time period it is a 50-50 chance on whether the stocks are outperforming - beating the benchmark or underperforming.

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MR. TITUS referred to a graph that shows the annualized commissions [slide 39]. He explained that at the beginning of the SIF program, students had a full-service broker and the costs were much higher, but due to the advent of online brokerage services such as E-trade Financial Corporation (E-trade), the commissions are much less. He emphasized the importance of lower commissions since one of the easiest ways to increase the performance in comparison to the benchmark is to decrease costs.

MR. TITUS related the average holding period over a 12-month period, which indicates that currently the SIF program sells 75 percent of the stocks, resulting in an average holding period of about 16 months [slide 40].

MR. MILLER showed the growth of the investment fund versus the S&P 500 in graph form. He pointed out the end performance indicates the students beat their benchmark by about \$150,000. He stated that the graph includes money paid out in scholarships [slide 41].

[4:28:04 PM](#)

CHAIR OLSON asked whether they ran their numbers against the Alaska Permanent Fund Corporation for the same period.

MR. WISEN answered that the Alaska Permanent Fund Corporation indexes the large companies held in their fund so their benchmark is the S&P. Since the SIF students actively manage their funds they have outperformed the Alaska Permanent Fund's large cap portfolio.

CHAIR OLSON said, "That gives you bragging rights, I think."

MR. MILLER acknowledged that the students have made mistakes and some stocks have not performed well. He pointed out that Chipotle Mexican Grill had a 277.88 percent gain while Hewlett-Packard had a 38.8 percent loss, which was their worst performer as of 3/2/12 [slide 42].

[4:29:29 PM](#)

MR. GROHDAHL summarized that that the presentation has outlined the SIF students' performance. He said their performance is solid, but they have not acted alone since various individuals and firms have supported them [slide 43]. He identified members of their advisors, including Mr. Bob Gillam, President and CEO, McKinley Capital Management, LLC; Joe Beedle, President & CEO, Northrim Bank; and members of the UAF's School of Management. He also commended legislators for their support of the UA Fairbanks. He mentioned that Dr. Craig Wisen indicated earlier that the students are not here to ask for money, but to show how they make money and to thank legislators and the SIF's Board of Advisors for their support. He stated that the students continue to work hard to generate results, which demonstrates that the advisors, legislators, and university's support is paying off.

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MR. GROHDAHL pointed out their recent developments including the goal to establish a student-managed real estate investment trust (REIT), which would be managed by the students under the direction of Dr. Craig Wisen. The UAF School of Management and Finance is excited about this project and hopes to have it in place by next spring or in the fall of 2013.

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CHAIR OLSON asked whether students have any emphasis towards using Alaska-based companies or companies with a significant presence in Alaska. He also asked whether there is any balance or percentage used.

MR. BUE answered that each student has different interests and some students may be interested in a country whose economy is doing well, such as China. The SIF students can only trade publicly traded American companies, but some of the foreign companies trade on the U.S. market. Beyond that the students don't have any allocation to any geographic area or bias towards

any industry. The companies must be greater than \$60 million and have a basic amount of liquidity. Otherwise students are allowed to pick their own route, which draws a lot of creativity among the students.

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CHAIR OLSON responded that legislators are precluded ethically from doing much investing in Alaska companies. He briefly discussed his portfolio and companies he would have liked to have invested in, including Alaska Communications (ACS).

MR. MILLARD recalled that ACS is traded on the NASDAQ stock exchange.

[4:34:15 PM](#)

CHAIR OLSON said he wasn't sure if the SIF invested in Alaska's companies.

MR. BUE answered that part of the reason the students are outperforming the market is that market movements favored the small cap companies and the students have exposure to small cap companies. He pointed out that the S&P is composed of large and small companies so the students' exposure has gone above the S&P to some extent. He said the SIF is still driven by market forces just like everyone else.

[4:35:09 PM](#)

CHAIR OLSON asked him to identify any interest in current market segments.

MR. MILLARD answered that the students use performance sheets that break the companies down by sector and within that the students focus on different industries. The students track the S&P 500 and follow leases depending on how they are rated. He pointed out one of the largest areas of interest is technology, but besides that the students are allowed to engage in any industry within those specific leases. He indicated his favorite industries are technology companies since he has worked for the supercomputer companies. He said the fun of working for the SIF is the program has prerequisites to ensure students understand basic premises of finance, however; there is a broad array of people coming into the program. He pointed out that Mr. Titus mentioned he was in a mechanical engineering program interested in economics, but he, himself, is majoring in

finance. He acknowledged other students in the program are more interested in the medical field and that health care has previously been one of the favorite sectors. He recapped that students have leeway to pick companies that reflect their interests.

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REPRESENTATIVE SADDLER remarked that the UAF students have given them a great presentation. He related his understanding that the SIF began with a \$100,000 appropriation and is now \$650,000. He asked where the SIF is kept.

MR. TITUS answered that the funds reside in an E-trade account. When the fund reaches a certain percentage above the performance the students distribute scholarships.

[4:37:34 PM](#)

REPRESENTATIVE SADDLER asked whether the program is class based or a club.

MR. TITUS answered it is a class. In further response to Representative Saddler, Mr. Titus answered that the students are aware of how much work the other students put into their presentations. The students have to convince their peers to buy or sell the stock.

[4:38:21 PM](#)

MR. MILLARD said he would not say everyone has a grade point average (GPA) of 3.9, but the students must be approved to make sure they meet the prerequisites. He did not view the class as one that requires pure rote memorization, but rather as one which feels more like a job. He reported that a couple of times someone has been late to class. Not only does that student feel like he/she has let class down, but the student receives an incentive not to let it happen again. Further, these students feels like they have let themselves down. He reiterated this class does feel like a job. Students don't just have their own interests in mind to earn grades, but the more fundamental interests are to provide scholarships for future students and learn to be good money managers.

[4:39:38 PM](#)

MR. BUE pointed out that none of the SIF students know the scholarship committee members or the recipients. He explained that the scholarships are not limited to SIF students. He recapped that the scholarships are totally separate from the SIF class. The SIF students know earnings are used for scholarships. In response to Representative Saddler, after conferring with his professor, Mr. Bue said the scholarships are available to all students.

[4:40:20 PM](#)

REPRESENTATIVE JOHNSON likened the scholarships to dividends. He asked for the amount of the dividends paid out.

MR. MILLARD suggested that last year the SIF payout was approximately \$10,000. He pointed out an earlier slide added the scholarships back in and he said it isn't as though the fund pays \$50,000 a year. He related his understanding that the amount would be between \$10,000 and \$50,000. He offered to provide the total.

DR. WISEN explained that the payout requirements for the fund require that the SIF exceeds the S&P index. During the period 2001 to 2009 the total return was not in excess of the S&P index. He elaborated that when the fund management does not hold the principal, students are prohibited from distributing scholarships, but once the threshold is reached, which happened two years ago, the program began distributing funds. He said that the fund contributed up to 50 percent of the excess. Last year the distribution was \$10,000 and he thinks going forward the program will distribute another \$10,000. He said the scholarships are given out to the UAF at large, but most of the scholarships have gone to school of management students.

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REPRESENTATIVE SADDLER asked whether the fund ever fell below the initial capitalization of \$100,000.

DR. WISEN answered no.

[4:42:52 PM](#)

REPRESENTATIVE SADDLER asked whether the students have any personal liability in case they lose money.

MR. TITUS answered that everyone votes, but they hold students accountable in terms of peer pressure. The students call previous students to let them know their stocks didn't perform.

[4:43:22 PM](#)

REPRESENTATIVE SADDLER answered whether the SIF ever resets. He acknowledged that new investments are brought forward, but he wondered if the slate is ever wiped clean.

MR. TITUS answered no.

[4:43:38 PM](#)

MR. BUE related that most of the students have only been in the program for two or three semesters. He pointed out one interesting aspect is that there is some overlap between students since the course is a two-semester course. The students mentor new students. He pointed out that Mr. Millard was a second-semester student last year and this is Mr. Miller's first semester. The second-semester students help with the continuity of the program. During summers the SIF is not actively managed, but students still pay attention due to their personal interest in the fund. In some instances, if they notice something odd happening, students will bring things to Dr. Wisen's attention.

[4:45:03 PM](#)

REPRESENTATIVE SADDLER commented that he was once in an investment club. He encouraged the students to continue.

[4:45:18 PM](#)

REPRESENTATIVE THOMPSON asked for the frequency the students review the portfolio.

MR. MILLARD responded the course is presentation-based the class consists of 15-17 students who give two presentations, so students have approximately 34 opportunities to look at a security and analyze it. He offered his belief that the rigorous review and structure is one reason the portfolio has done so well. He explained that Dr. Wisen is the stop-gap measure so if something awry the professor can step in and take action. He concluded that the SIF portfolio is very much a hands-on effort.

4:46:55 PM

CHAIR OLSON asked whether the SIF has any stock held since the beginning.

DR. WISEN answered that the longest stock was held about four and a half years.

MR. MILLER added that the students give another presentation on top of the other two presentations, which is market news. They scan the largest winners and losers to ensure their stocks are not on the list. He explained that each morning the students get a print out of their stocks and review the portfolio for movement. In response to a question, he answered that they occasionally have surprises.

4:48:00 PM

REPRESENTATIVE HOLMES related that it seems like a great opportunity and training. She expressed interest in the potential to get into the real estate development, especially since she is a real estate lawyer. She hoped the students would brief the legislature as to how that project works out. She asked if anyone was interested in that project.

MR. MILLER answered yes.

4:48:43 PM

REPRESENTATIVE JOHNSON asked who is best at the stocks [the students looked to one student, not verbally identified.]

MR. BUE answered he has not invested any of his own money.

4:49:06 PM

REPRESENTATIVE SADDLER asked whether this is a popular class.

DR. WISEN said that it is a difficult class that involves a lot more work, which is widely known. He said that lazy students; do not sign up. He approves of anyone who wants to take the class and he makes sure they understand the main criteria of the heavy workload, plus the students must have a sincere desire to help future students. When students demonstrate those two things, Dr. Wisen makes sure the student has a place in the class. Currently there are 16 students enrolled across both semesters. He suggested if more significant interest were to

arise that he would likely split fund up and run two class sections. In response to a question, he answered female students are involved and although the field is predominately male about one third of his students are female. He remarked he has not seen any investment performance differences between the genders.

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REPRESENTATIVE SADDLER thanked the students.

CHAIR OLSON said he was delighted with the presentation.

[4:51:58 PM](#)

MR. WISEN commented that 1867 represents one of the best investments our policymakers have ever made - which was \$7.5 million to purchase Alaska. He said that long-term decisions really reflect well.

The committee took a brief at-ease.

SB 125-MOTOR VEHICLE TRANSACTIONS

[4:52:50 PM](#)

CHAIR OLSON announced that the final order of business would be SENATE BILL NO. 125, "An Act relating to certain vehicles, including trailers; and relating to motor vehicle dealer advertising, motor vehicle dealer sales of used motor vehicles, motor vehicle sales contracts, motor vehicle service contracts, and motor vehicle sales financing."

[4:53:55 PM](#)

SENATOR KEVIN MEYER, Alaska State Legislature, stated that the committee previously heard the companion bill introduced by Representative Thompson and passed it with six do passes and that bill rests in the House Rules Committee. He related that SB 125 is a consumer protection bill to assist the consumer in finding and purchasing competitively priced vehicles. He explained that this bill basically updates the statute referred to as the Alaska Auto Dealers Practices Act. It clarifies several provisions that were unclear to the consumer and to the dealers who were trying to abide by the law. The bill was drafted closely with Ed Sniffen, the consumer protection attorney, in the Department of Law. He offered his belief that

the bill strikes a balance between the consumers, dealers, and the Department of Law.

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CHAIR OLSON agreed the committee heard the companion bill, but said the bill still would receive the proper vetting.

[SB 125 was held over.]

[4:56:11 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 4:56 p.m.