

Original sponsor(s): Finance Committee

1 IN THE HOUSE

BT THE FINANCE COMMITTEE

2 SENATE CS FOR CS FOR HOUSE BILL NO. 580 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act establishing the Alaska State Investment
7 Corporation; relating to management and investment of
8 funds of the teachers' retirement system, University
9 of Alaska fund for money from the sale or lease of
10 land granted by Congress, judicial retirement system,
11 Alaska National Guard and Alaska Naval Militia re-
12 tirement system, public school trust fund, Alaska
13 children's trust fund, group health and life benefits
14 fund, supplemental employee benefits program, public
15 employees' retirement system, public employees'
16 deferred contribution program; requiring that certain
17 accounting records be maintained in accordance with
18 generally accepted accounting principles; and provid-
19 ing for an effective date."

20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

21 * Section 1. AS 37.10 is amended by adding new sections to read:

22 ARTICLE 5. ALASKA STATE INVESTMENT CORPORATION.

23 Sec. 37.10.210. ALASKA STATE INVESTMENT CORPORATION. (a) There
24 is established the Alaska State Investment Corporation. The corpo-
25 ration is a public corporation and government instrumentality in the
26 Department of Revenue managed by a board of directors. The purpose of
27 the board is to provide professional management and investment of
28 state trust funds and other state funds upon agreement with the manag-
29 ers of those funds.

1 (b) The board consists of seven members:

2 (1) one member, nominated by the Teachers' Retirement Board
3 and appointed by the governor, who is a member of the teachers' re-
4 tirement system;

5 (2) one member, nominated by the Public Employees' Retire-
6 ment Board and appointed by the governor, who is a member of the
7 public employees' retirement system;

8 (3) one member, who is an employee of an employer partic-
9 ipating in the supplemental benefits system under AS 39.30.150 -
10 39.30.180 or who is receiving a benefit under that system because of
11 the person's prior employment appointed by the governor from three
12 nominees nominated for the position by the Teachers' Retirement Board
13 and by the Public Employees' Retirement Board; and

14 (4) four members who are the public members of the Board of
15 Trustees of the Alaska Permanent Fund Corporation.

16 (c) The members of the board representing a state retirement
17 system or the supplemental benefits system shall be appointed for
18 staggered terms of four years and may be reappointed to the board.

19 (d) The governor may remove a member of the board from office.
20 A removal by the governor must be in writing and must state the reason
21 for the removal. After a member receives written notice of removal
22 from the governor, the member may not participate in board business
23 and may not be counted for purposes of establishing a quorum.

24 (e) Members representing a state retirement system or the sup-
25 plemental benefits system may hold another compensated state office,
26 position, or employment, either elective or appointive.

27 (f) A vacancy on the board shall be promptly filled in the same
28 manner as the seat was originally filled. An appointee to a vacancy
29 holds office for the balance of the unexpired term of the appointee's

1 predecessor. A vacancy on the board does not impair the authority of
2 a quorum of the board to exercise all the powers and perform all the
3 duties of the board.

4 (g) The board shall annually elect a chair from among its mem-
5 bers.

6 (h) Four members of the board constitute a quorum for the trans-
7 action of business and the exercise of the powers and duties of the
8 board.

9 (i) A board member may not designate another person to serve on
10 the board in the absence of the member.

11 Sec. 37.10.220. POWERS AND DUTIES OF THE BOARD. (a) The board
12 shall

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

15 (2) establish investment policies for the funds for which
16 it is responsible;

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

19 (4) report to the governor and the legislature by Septem-
20 ber 30 of each year concerning the investment of state funds including
21 financial and investment policies established by the board;

22 (5) contract with external performance evaluators to review
23 the performance of each fund managed or invested by the corporation
24 and report each year to the board and to the other boards directly
25 responsible for the activities supported by the fund on the fund's
26 condition; the report must be complete, understandable, and presented
27 in acceptable format according to industry patterns and customs;

28 (6) engage independent certified public accountants to
29 prepare an annual audit of each of the funds for which the corporation

1 is responsible and to report to the board with the results of the
2 audit.

3 (b) The board may

4 (1) employ outside investment advisors to review investment
5 policies and make recommendations to the board;

6 (2) enter into an agreement with the manager of another
7 state fund, other than the commissioner of revenue with respect to
8 money invested under AS 37.10.070, to assume fiduciary responsibil-
9 ities for managing and investing the other state fund; an agreement
10 under this paragraph may not be for a term longer than three years but
11 may be renewed;

12 (3) do all acts necessary, convenient, or desirable to
13 carry out the powers expressly granted or necessarily implied in this
14 chapter.

15 Sec. 37.10.230. CONFLICTS OF INTEREST. (a) Members of the
16 board and the executive director are subject to the provisions of
17 AS 39.50.

18 (b) If a member of the board or an employee of the corporation
19 acquires, owns, or controls an interest, direct or indirect, in an
20 entity or project in which assets under the control of the corporation
21 are invested, the member shall immediately disclose the interest to
22 the board. The disclosure is a matter of public record and shall be
23 included in the minutes of the board meeting next following the dis-
24 closure.

25 Sec. 37.10.240. REGULATIONS. The board may adopt regulations
26 under the Administrative Procedure Act (AS 44.62) to interpret and
27 implement AS 37.10.210 - 37.10.399.

28 Sec. 37.10.250. COMPENSATION OF BOARD MEMBERS. Members of the
29 board, other than state employees, receive an honorarium of \$400 for

1 each day spent at a meeting of the board or at a meeting of a subcom-
2 mittee of the board or at a public meeting as a representative of the
3 board. Members of the board are entitled to per diem and travel
4 allowances as provided for members of state boards and commissions
5 under AS 39.20.180.

6 Sec. 37.10.260. STAFF. (a) The board shall, jointly with the
7 Board of Trustees of the Alaska Permanent Fund Corporation, employ an
8 executive director under AS 37.13.100. The operational, investment,
9 and administrative functions of the corporation are vested in the
10 executive director who serves under the joint supervision of the board
11 and the board of trustees. The executive director shall appoint
12 employees of the corporation as necessary under AS 37.13.100. The
13 board and the board of trustees shall agree on responsibility for
14 compensation for the executive director and employees of the two
15 corporations.

16 (b) A deed, contract, or other document that must be executed by
17 or on behalf of the corporation shall be signed by the executive
18 director.

19 Sec. 37.10.270. INSURANCE. The corporation shall protect trust-
20 teed assets and its own assets, services, and employees by purchasing
21 insurance or providing for self-insurance retentions in amounts recom-
22 mended by the executive director and approved by the board to cover
23 the acts, including fiduciary acts, errors, and omissions of its board
24 members, officers, employees, and agents. Insurance shall protect the
25 corporation and the state from liability to others and from loss of
26 trusteed assets and assets of the corporation.

27 Sec. 37.10.280. EXEMPTION FROM TAXATION. The corporation and
28 all properties owned by it, managed by it, or held by it in trust, and
29 the income from those activities, are exempt from all taxes in the

1 state unless otherwise provided by law. All security instruments
2 issued by the corporation and income from them are exempt from all
3 taxes in the state, including transfer taxes.

4 Sec. 37.10.290. LIMITATIONS. The corporation may not engage in
5 commercial banking activity or private trust activity. The corpora-
6 tion may not act as a depository or trustee for a private person,
7 association, or corporation. The corporation may not act as a lender
8 to a private person, association, or corporation of money from any
9 source except state funds under management by the corporation.

10 Sec. 37.10.300. LIABILITY. A liability incurred by the corpo-
11 ration shall be satisfied exclusively from the assets or revenue of
12 the corporation and a creditor or other person may not have a right of
13 action against the state because of a debt, obligation, or liability
14 of the corporation. A liability of the corporation may not be sat-
15 isfied from trust assets unless expressly authorized by law.

16 Sec. 37.10.399. DEFINITIONS. In AS 37.10.210 - 37.10.399,
17 unless the context otherwise requires,

18 (1) "board" means the board of directors of the corpora-
19 tion;

20 (2) "corporation" means the Alaska State Investment Corpo-
21 ration.

22 * Sec. 2. AS 14.25.035(d) is amended to read:

23 (d) The commissioner of administration shall report to the board
24 concerning the condition and administration of the system. The re-
25 ports shall be distributed to the members of the system. The board of
26 directors of the Alaska State Investment Corporation [COMMISSIONER OF
27 REVENUE] shall provide reports to the board on the condition and
28 investment performance of the teachers' retirement trust fund and an
29 annual external performance review.

1 * Sec. 3. AS 14.25.180 is amended to read:

2 Sec. 14.25.180. MANAGEMENT AND INVESTMENT OF FUND. (a) The
3 board of directors of the Alaska State Investment Corporation [COMMISS-
4 SIONER OF REVENUE] is the [TREASURER OF THE SYSTEM AND THE] fiduciary
5 of the fund. In managing the fund, the board of the corporation
6 [COMMISSIONER OF REVENUE] shall

7 (1) consider the status of the fund's investments and the
8 system's liabilities on both a current and a probable future basis;

9 (2) determine the appropriate investment objectives for the
10 fund;

11 (3) establish investment policies aimed at achieving the
12 objectives; and

13 (4) act only in regard to the best financial interests of
14 the system's beneficiaries.

15 (b) The board of the corporation [COMMISSIONER OF REVENUE] may
16 invest the fund on the basis of probable total rate of return without
17 regard to the distinction between principal and income or to the
18 generation of income.

19 (c) In carrying out investment duties under this chapter, the
20 board of the corporation [COMMISSIONER OF REVENUE] has the same powers
21 and duties in regard to the teacher's retirement trust fund as are
22 provided in AS 37.10.071, except that the standard of prudence that
23 the board of the corporation [COMMISSIONER] must obey under AS 37.10.-
24 071(c) shall be in regard to the management of large trust investments
25 rather than large investments.

26 * Sec. 4. AS 14.40.400(b) is amended to read:

27 (b) The board of directors of the Alaska State Investm
28 ent Corporation [COMMISSIONER OF REVENUE] is the fiduciary of the trust fund
29 and shall account for and invest the fund as set out in AS

1 37.14.110(c), 37.14.160, and 37.14.170, except that the board of the
2 corporation [COMMISSIONER] shall report the condition and investment
3 performance of the fund to the Board of Regents.

4 * Sec. 5. AS 22.25.048(c) is amended to read:

5 (c) The board of directors of the Alaska State Investment Corpo-
6 ration [COMMISSIONER OF REVENUE] is the [TREASURER OF THE SYSTEM AND
7 THE] fiduciary of the fund and has the same powers and duties under
8 this section in regard to the judicial retirement trust fund as are
9 provided in AS 14.25.180.

10 * Sec. 6. AS 26.05.228(c) is amended to read:

11 (c) The board of directors of the Alaska State Investment Corpo-
12 ration [COMMISSIONER OF REVENUE] is the [TREASURER OF THE SYSTEM AND
13 THE] fiduciary of the fund and has the same powers and duties under
14 this section in regard to the fund as are provided under AS 14.25.180.

15 * Sec. 7. AS 36.30.850(b)(15) is amended to read:

16 (15) a contract that is a delegation, in whole or in part,
17 of investment powers held by the commissioner of revenue under
18 [AS 14.25.180, AS 14.40.400,] AS 14.42.200, 14.42.210, AS 18.56.095,
19 [AS 22.25.048, AS 26.05.228,] AS 37.10.070, or 37.10.071 [, AS 37.14,
20 OR AS 39.35.080];

21 * Sec. 8. AS 36.30.850(b) is amended by adding a new paragraph to read:

22 (22) a contract that is a delegation, in whole or in part,
23 of investment powers held by the board of directors of the Alaska
24 State Investment Corporation under AS 14.25.180, AS 14.40.400, AS 22.-
25 25.048, AS 26.05.228, AS 37.10.071, AS 37.14, AS 39.30.095, 39.30.175,
26 AS 39.35.080, or AS 39.45.030.

27 * Sec. 9. AS 37.10.071 is amended to read:

28 Sec. 37.10.071. INVESTMENT POWERS AND DUTIES. (a) In making
29 investments under this section, the fiduciary of a state fund

1 [COMMISSIONER OF REVENUE] shall
2 (1) act as official custodian of cash and investments by
3 securing adequate and safe custodial facilities for them;
4 (2) receive all items of cash and investments;
5 (3) collect and deposit the principal of and income from
6 owned or acquired investments;
7 (4) invest and reinvest the assets in accordance with this
8 section;
9 (5) receive and spend appropriations to cover the cost of
10 the exercise of duties under this section;
11 (6) exercise the powers of an owner with respect to the
12 assets;
13 (7) perform all acts, not prohibited by this section,
14 whether or not expressly authorized, that the fiduciary [COMMISSIONER]
15 considers necessary or proper in administering the assets;
16 (8) maintain accounting records in accordance with gener-
17 ally accepted [INVESTMENT] accounting principles;
18 (9) engage an independent certified public accountant to
19 conduct an annual audit of the financial condition and investment
20 transactions;
21 (10) enter into and enforce contracts or agreements con-
22 sidered necessary, convenient, or desirable for the investment pur-
23 poses of this section; and
24 (11) when choosing to acquire or dispose of investments,
25 secure competitive national or international market rates or prices,
26 or the equivalence of those rates or prices in the judgment of the
27 fiduciary [COMMISSIONER].
28 (b) Under this section, the fiduciary of a state fund or the
29 fiduciary's [COMMISSIONER OR THE COMMISSIONER'S] designee may

1 (1) delegate investment, custodial, or depository authority
2 on a discretionary or nondiscretionary basis to officers or employees
3 of the state or to independent firms, banks, or trust companies, by
4 designation through appointments, contracts, or letters or authority;

5 (2) acquire or dispose of investments either directly,
6 indirectly, or through investment pools or trusts, by competitive or
7 negotiated agreements, contracts, or auctions, in public or private
8 markets;

9 (3) concentrate or diversify investments as the fiduciary
10 [COMMISSIONER] considers appropriate to increase the probable total
11 rate of return or to decrease the overall exposure to potentially
12 adverse market value risks;

13 (4) protect the market value or the rate of return of the
14 investments by entering into forward agreements to buy or sell assets
15 at a future date as a hedge against existing held assets or as a
16 precommitment of future cash flows;

17 (5) lend assets, under an agreement and for a fee, against
18 deposited collateral of equivalent market value;

19 (6) borrow assets on a short-term basis, under an agreement
20 and for a fee, against the deposit of collateral consisting of other
21 assets in order to accommodate temporary cash or investment needs;

22 (7) hold investments in bearer or registered form in the
23 name of the state, a fund, or nominees authorized by the fiduciary
24 [COMMISSIONER];

25 (8) utilize consultants, advisors, custodians, investment
26 services, and legal counsel for assistance in investment matters on
27 either a continuing or a limited-term basis and with or without com-
28 pensation;

29 (9) declare records to be confidential and exempt from

1 AS 09.25.110 and 09.25.120 if the records contain information that
2 discloses the particulars of the business or the affairs of a private
3 enterprise, investor, borrower, advisor, consultant, counsel, or
4 manager.

5 (c) In exercising investment, custodial, or depository powers or
6 duties under this section, the fiduciary of a state fund [COMMIS-
7 SIONER] shall exercise the judgment and care under the circumstances
8 then prevailing that an institutional investor of ordinary profession-
9 al prudence, discretion, and intelligence exercises in managing large
10 investments with consideration for the purpose of the fund, the in-
11 vestment objectives, the continuing disposition of the fund's invest-
12 ments, and the probable safety of the capital as well as the probable
13 investment returns.

14 (d) In exercising investment, custodial, or depository powers or
15 duties under this section, the fiduciary or the fiduciary's [COMMIS-
16 SIONER OR A] designee [OF THE COMMISSIONER] is liable for a breach of
17 a duty that is assigned or delegated under this section, or under
18 AS 14.25.180, AS 14.40.400(b), AS 14.42.200, 14.42.210, AS 18.56.095,
19 AS 22.25.048, AS 26.05.228, AS 37.10.070, AS 37.14.110(c), 37.14.160,
20 37.14.170, 37.14.200, 37.14.210, AS 39.30.095, 39.30.175, [OR] AS 39.-
21 35.080, or AS 39.45.030. However, the fiduciary or the [COMMISSIONER
22 OR THE COMMISSIONER'S] designee is not liable for a breach of a duty
23 that has been delegated to another person if the delegation is prudent
24 under the applicable standard of prudence set out in statute or if the
25 duty is assigned by law to another person, except to the extent that
26 the fiduciary [COMMISSIONER] or designee

27 (1) knowingly participates [PARTICIPATE] in, or knowingly
28 undertakes to conceal, an act or omission of another person, knowing
29 that the act or omission is a breach of that person's duties under

1 this chapter;

2 (2) by failure to comply with this section in the adminis-
3 tration of specific responsibilities, enables another person to commit
4 a breach of duty; or

5 (3) has knowledge of a breach of duty by another person,
6 unless the fiduciary [COMMISSIONER] or designee makes reasonable
7 efforts under the circumstances to remedy the breach.

8 (e) The state shall defend and indemnify the fiduciary [COMMIS-
9 SIONER] or an officer or employee of the state against liability under
10 (d) of this section to the extent that the alleged act or omission was
11 performed in good faith and was prudent under the applicable standard
12 of prudence.

13 (f) In this section, "fiduciary of a state fund" or "fiduciary"
14 ["COMMISSIONER OF REVENUE" OR "COMMISSIONER"] means

15 (1) the commissioner of revenue for investments under
16 [AS 14.25.180 OR] AS 37.10.070; [OR]

17 (2) the board of directors of the Alaska State Investment
18 Corporation for investments under AS 14.25.080; or

19 (3) the person or body provided by law to manage the in-
20 vestments, for investments not subject to AS 14.25.180 or AS 37.10.-
21 070.

22 * Sec. 10. AS 37.13.050(a) is amended to read:

23 (a) The Board of Trustees of the Alaska Permanent Fund Corpo-
24 ration consists of six members appointed by the governor. Two of the
25 members must be heads of principal departments of state government,
26 one of whom shall be the commissioner of revenue. Four members shall
27 be appointed by the governor from the public and may not hold any
28 other state or federal office, position or employment, either elective
29 or appointive, except as a member of the armed forces of either the

1 United States or of this state or as a member of the board of direc-
2 tors of the Alaska State Investment Corporation.

3 * Sec. 11. AS 37.13.100 is amended to read:

4 Sec. 37.13.100. CORPORATION STAFF. The board of trustees,
5 jointly with the board of directors of the Alaska State Investment
6 Corporation, may employ and determine the salary of an executive
7 director. The executive director may, with the approval of the board
8 of trustees and the board of directors of the Alaska State Investment
9 Corporation, select and employ additional staff as necessary. An
10 employee of the corporations [CORPORATION], including the executive
11 director, may not be a member of either [THE] board. The executive
12 director and the other employees of the boards [BOARD] are in the
13 exempt service under AS 39.25. The board of trustees and the board of
14 directors shall agree on responsibility for compensation for the
15 executive director and the staff of the two corporations.

16 * Sec. 12. AS 37.14.110(c) is amended to read:

17 (c) The board of directors of the Alaska State Investment Corpo-
18 ration [COMMISSIONER OF REVENUE] shall account for the fund in accor-
19 dance with generally accepted accounting principles and shall deter-
20 mine the net income of the fund [IN ACCORDANCE WITH INVESTMENT AC-
21 COUNTING PRINCIPLES AND IN A MANNER THAT PRESERVES THE DISTINCTION
22 BETWEEN PRINCIPAL AND INCOME AND THAT EXCLUDES CAPITAL GAINS OR LOSSES
23 REALIZED ON PRINCIPAL]. The principal of the fund and the capital
24 gains or losses realized on principal shall be perpetually retained in
25 the fund for investment purposes.

26 * Sec. 13. AS 37.14.140 is amended to read:

27 Sec. 37.14.140. UTILIZATION OF INCOME. The net income of the
28 fund may not be appropriated for a purpose other than the support of
29 the state public school program. The board of directors of the Alaska

1 State Investment Corporation [COMMISSIONER OF REVENUE] shall invest
2 realized net income that has not been appropriated or that has been
3 appropriated but not expended until the income is appropriated and
4 expended.

5 * Sec. 14. AS 37.14.160 is amended to read:

6 Sec. 37.14.160. DUTIES OF THE ALASKA STATE INVESTMENT CORPO-
7 RATION BOARD [COMMISSIONER OF REVENUE]. The board of directors of the
8 Alaska State Investment Corporation [COMMISSIONER OF REVENUE] is the
9 fiduciary [TREASURER] of the trust fund created in AS 37.14.110 and
10 shall

11 (1) exercise the powers and duties established in AS 14.-
12 25.180(c);

13 (2) deposit the principal and income from investments in
14 separate principal and income accounts for the fund;

15 (3) invest and maintain accounting records that distinguish
16 between the principal and income of the fund;

17 (4) provide reports to the board established under AS 37.-
18 14.120 on the condition and investment performance of the fund.

19 * Sec. 15. AS 37.14.170 is amended to read:

20 Sec. 37.14.170. INVESTMENTS. The board of directors of the
21 Alaska State Investment Corporation [COMMISSIONER OF REVENUE] is the
22 fiduciary of the trust fund and shall invest the fund to provide
23 increasing net income over long-term periods to the fund's income
24 beneficiaries. The board of the corporation [COMMISSIONER] may invest
25 the money in the fund on the basis of probable total rate of return to
26 promote the long-term generation of income. In managing the trust
27 fund, the board of the corporation [COMMISSIONER] shall

28 (1) consider the status of the fund's capital and the
29 income generated on both a current and a probable future basis;

- 1 (2) determine the appropriate investment objectives;
2 (3) establish investment policies to achieve the objec-
3 tives; and
4 (4) act only in regard to the financial interests of the
5 fund's beneficiaries.

6 * Sec. 16. AS 37.14.200(c) is amended to read:

7 (c) The net income of the fund shall be determined by the board
8 of directors of the Alaska State Investment Corporation [COMMISSIONER
9 OF REVENUE] in accordance with generally accepted [INVESTMENT] ac-
10 counting principles [AND IN A MANNER THAT PRESERVES THE DISTINCTION
11 BETWEEN PRINCIPAL AND INCOME].

12 * Sec. 17. AS 37.14.210 is amended to read:

13 Sec. 37.14.210. POWERS AND DUTIES OF THE ALASKA STATE INVESTMENT
14 CORPORATION BOARD [COMMISSIONER OF REVENUE]. The board of directors
15 of the Alaska State Investment Corporation [COMMISSIONER OF REVENUE]
16 is the fiduciary [TREASURER] of the fund and has the power and duty to
17 [:]

18 (1) act as official custodian of the cash and investments
19 belonging to the fund by securing adequate and safe custodial facil-
20 ities;

21 (2) receive all items of cash and investments belonging to
22 the fund;

23 (3) collect the principal and income from investments owned
24 or acquired by the fund and deposit the amounts in separate principal
25 and income accounts for the fund;

26 (4) invest and reinvest the assets of the fund as provided
27 in this section and as provided for the investment of funds under
28 AS 14.25.180(c) and AS 37.14.170;

29 (5) exercise the powers of an owner with respect to the

1 assets of the fund;

2 (6) maintain accounting records of the fund in accordance
3 with generally accepted [INVESTMENT] accounting principles [AND WITH
4 DISTINCTION BETWEEN THE PRINCIPAL AND INCOME ACCOUNTS OF THE FUND];

5 (7) engage an independent firm of certified public account-
6 tants to annually audit the financial condition of the fund's invest-
7 ments and investment transactions;

8 (8) enter into and enforce contracts or agreements con-
9 sidered necessary for the investment purposes of the fund;

10 (9) report to the board the condition and investment per-
11 formance of the fund;

12 (10) do all acts, whether or not expressly authorized, that
13 the board of the corporation [COMMISSIONER OF REVENUE] considers
14 necessary or proper in administering the assets of the fund.

15 * Sec. 18. AS 39.30.095(d) is amended to read:

16 (d) If the commissioner of administration determines that there
17 is more money in the fund than the amount needed to pay premiums or
18 benefits for the current fiscal year, the surplus, or so much of it as
19 the commissioner of administration considers advisable, may be in-
20 vested by the board of directors of the Alaska State Investment Corpo-
21 ration [COMMISSIONER OF REVENUE] in the same manner as retirement
22 funds are invested under AS 14.25.180.

23 * Sec. 19. AS 39.25.110(11)(B) is amended to read:

24 (B) Alaska Permanent Fund Corporation and Alaska State
25 Investment Corporation;

26 * Sec. 20. AS 39.30 is amended by adding a new section to read:

27 Sec. 39.30.175. INVESTMENT OF BENEFIT PROGRAM RECEIPTS. The
28 board of directors of the Alaska State Investment Corporation is the
29 fiduciary of the receipts of the employee benefits program established

1 under AS 39.30.150 - 39.30.180 and has the same powers and duties
2 concerning the management and investment in regard to those receipts
3 as are provided under AS 14.25.180.

4 * Sec. 21. AS 39.35.020 is amended to read:

5 Sec. 39.35.020. ADMINISTRATION. The commissioner of administra-
6 tion is responsible for the administration of the system and for
7 carrying out this chapter. In addition the commissioner shall

8 (1) maintain the accounts of the system;
9 (2) make payments for the various purposes specified;
10 (3) submit periodic reports or statements of account that
11 are needed;

12 (4) issue a statement of account to an employee requesting
13 it showing the amount of the employee's contributions to the system;

14 (5) as soon as possible after the close of each fiscal
15 year, and not later than six months after the close of each fiscal
16 year, send to the governor, the legislature, and the board an annual
17 statement on the operations of the system containing

18 (A) a balance sheet;

19 (B) a statement of income and expenditures for the
20 year;

21 (C) a report on an actuarial valuation of its assets
22 and liabilities;

23 (D) a summary of assets held in the pension fund
24 listed by the categories of investment, as provided by the board
25 of directors of the Alaska State Investment Corporation [COMMIS-
26 SIONER OF REVENUE];

27 (E) other statistical financial data that are neces-
28 sary for a proper understanding of the financial condition of the
29 system and the result of its operations;

1 (6) establish a public employees retirement trust fund in
2 which the assets of the system shall be deposited and held;

3 (7) engage an independent certified public accountant to
4 conduct an annual audit of the system's accounts and the annual report
5 of the system's financial condition and activity;

6 (8) report to the board concerning the condition and admin-
7 istration of the system and distribute the report to the members of
8 the system.

9 * Sec. 22. AS 39.35.080 is amended to read:

10 Sec. 39.35.080. DUTIES OF THE ALASKA STATE INVESTMENT CORPO-
11 RATION BOARD [COMMISSIONER OF REVENUE]. The board of directors of the
12 Alaska State Investment Corporation [COMMISSIONER OF REVENUE] is the
13 [TREASURER OF THE SYSTEM AND THE] fiduciary of the fund. The board of
14 the corporation [COMMISSIONER] has the same powers and duties estab-
15 lished under this chapter in regard to the fund as are provided in
16 AS 14.25.035(d) and 14.25.180.

17 * Sec. 23. AS 39.45.030(a) is amended to read:

18 (a) The board of directors of the Alaska State Investment Corpo-
19 ration or the administrator of the [STATE OR] political subdivision
20 deferred compensation program is authorized, subject to contracts with
21 individual employees, to invest the funds held under a deferred com-
22 penetration program in

23 (1) fixed and variable life insurance and annuity contracts
24 or other contracts issued by life insurance companies;

25 (2) the same manner as retirement funds are invested under
26 AS 14.25.180 [SHARES OF OR DEPOSITS IN INSURED STATE OR FEDERAL CHAR-
27 TERED CREDIT UNIONS IN THE STATE;

28 (3) SHARES OF OR DEPOSITS IN INSURED STATE OR FEDERAL
29 CHARTERED SAVINGS AND LOAN ASSOCIATIONS IN THE STATE;

1 (4) DEPOSITS IN INSURED MUTUAL SAVINGS BANKS IN THE STATE;
2 (5) DEPOSITS IN INSURED STATE AND NATIONAL BANKS IN THE
3 STATE]; and

4 (3) [(6)] multi-employer trusts established for investment
5 of deferred compensation assets of state and local governments.

6 * Sec. 24. AS 39.50.200(b) is amended by adding a new paragraph to
7 read:

8 (50) Alaska State Investment Corporation (AS 37.10.210).

9 * Sec. 25. AS 44.25.020 is amended to read:

10 Sec. 44.25.020. DUTIES OF DEPARTMENT. The Department of Revenue
11 shall

12 (1) enforce the tax laws of the state;

13 (2) collect, account for, have custody of, invest, and
14 manage all state funds and all revenues of the state except revenues
15 incidental to a program of licensing and regulation carried on by
16 another state department and funds managed and invested by the board
17 of directors of the Alaska State Investment Corporation or by the
18 board of trustees of the Alaska Permanent Fund Corporation;

19 (3) register cattle brands;

20 (4) supply necessary clerical and administrative services
21 for the Alcoholic Beverage Control Board; and

22 (5) invest and manage the balance of the power development
23 fund in accordance with AS 44.83.386.

24 * Sec. 26. TRANSITION. All litigation, hearings, investigations, and
25 other proceedings pending under a law amended or repealed by this Act, or
26 in connection with functions transferred by this Act, continue in effect
27 and may be continued and completed notwithstanding a transfer, amendment,
28 or repeal provided for in this Act. Orders and regulations issued or
29 adopted under authority of a law amended or repealed by this Act remain in

1 effect for the term issued, or until revoked, vacated, or otherwise mod-
2 ified under the provisions of this Act. All contracts, rights, liabilities
3 and obligations created by or under a law amended or repealed by this Act,
4 and in effect on the effective date of this Act, remain in effect notwith-
5 standing this Act's taking effect. Records, equipment, and other property
6 of agencies of the state whose functions are transferred under this Act
7 shall be transferred commensurate with the provisions of this Act.

8 * Sec. 27. (a) Notwithstanding AS 37.10.210(e), enacted by sec. 1 of
9 this Act, the initial terms of the members of the board of directors of the
10 Alaska State Investment Corporation shall be as follows:

11 (1) the member nominated by both state retirement boards shall
12 serve a term of three years;

13 (2) one member nominated by a state retirement board shall serve
14 a term of two years;

15 (3) one member nominated by a state retirement board shall serve
16 a one-year term.

17 (b) The board of directors of the Alaska State Investment Corporation
18 may hold organizational meetings as soon as a quorum of the board has been
19 appointed to or selected for the board.

20 * Sec. 28. This Act takes effect January 1, 1991.