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Original sponsor(s): SEN. BINKLEY, Kelly, Pearce

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE

2 CS FOR SENATE BILL NO. 197 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to management and investment of  
7 certain state funds; and providing for an effective  
8 date."

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

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

11 ARTICLE 5. ALASKA STATE INVESTMENT CORPORATION.

12 Sec. 37.10.210. ALASKA STATE INVESTMENT CORPORATION. (a) There  
13 is established the Alaska State Investment Corporation. The corpo-  
14 ration is a public corporation and government instrumentality in the  
15 Department of Revenue managed by a board of directors. The purpose of  
16 the corporation is to provide professional management and investment  
17 of state trust funds and other state funds upon agreement with the  
18 managers of those funds.

19 (b) The board consists of seven members:

20 (1) one member who is nominated by the Teachers' Retirement  
21 Board and appointed by the governor;

22 (2) one member who is nominated by the Public Employees'  
23 Retirement Board and appointed by the governor;

24 (3) the commissioner of revenue;

25 (4) two public members, appointed by the governor;

26 (5) two professional investors, nominated by the other  
27 board members and appointed by the governor.

28 (c) The public members must have recognized competence and wide  
29 experience in finance, investments, or other business management-

1 related fields. A public member may not hold another state or federal  
2 office, position, or employment, either elective or appointive, except  
3 as a member of the armed forces of either the United States or of this  
4 state.

5 (d) The public members, retirement system members, and profes-  
6 sional investor members of the board shall be appointed for staggered  
7 terms of three years and may be reappointed to the board.

8 (e) The governor may remove a member of the board from office.  
9 A removal by the governor must be in writing and must state the reason  
10 for the removal. After a member receives written notice of removal  
11 from the governor, the member may not participate in board business  
12 and may not be counted for purposes of establishing a quorum.

13 (f) Members representing a state retirement system and members  
14 serving as professional investors may not hold another compensated  
15 state office, position, or employment, either elective or appointive,  
16 except as a member of the armed forces of the state.

17 (g) A vacancy on the board shall be promptly filled in the same  
18 manner as the seat was originally filled. An appointee to a vacancy  
19 holds office for the balance of the unexpired term of the appointee's  
20 predecessor. A vacancy on the board does not impair the authority of  
21 a quorum of the board to exercise all the powers and perform all the  
22 duties of the board.

23 (h) The board shall annually elect a chair from among its mem-  
24 bers.

25 (i) Four members of the board constitute a quorum for the trans-  
26 action of business and the exercise of the powers and duties of the  
27 board.

28 (j) A board member may not designate another person to serve on  
29 the board in the absence of the member.

1           Sec. 37.10.220. POWERS AND DUTIES OF THE BOARD. (a) The board  
2 shall

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

5                   (2) establish investment policies for the funds for which  
6 it is responsible;

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

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

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

18                   (6) engage independent certified public accountants to  
19 prepare an annual audit of each of the funds for which the corporation  
20 is responsible and to report to the board with the results of the  
21 audit.

22           (b) The board may

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

25                   (2) employ legal counsel;

26                   (3) enter into an agreement with the manager of another  
27 state fund to assume fiduciary responsibilities for managing and  
28 investing the other state fund; an agreement under this paragraph may  
29 not be for a term longer than three years but may be renewed;

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

4 Sec. 37.10.230. CONFLICTS OF INTEREST. (a) Members of the  
5 board and the executive director are subject to the provisions of  
6 AS 39.50.

7 (b) If a member of the board or an employee of the corporation  
8 acquires, owns, or controls an interest, direct or indirect, in an  
9 entity or project in which assets under the control of the corporation  
10 are invested, the member shall immediately disclose the interest to  
11 the board. The disclosure is a matter of public record and shall be  
12 included in the minutes of the board meeting next following the dis-  
13 closure.

14 Sec. 37.10.240. REGULATIONS. The board may adopt rules after  
15 giving reasonable public notice. The board is exempt from the Admin-  
16 istrative Procedure Act (AS 44.62).

17 Sec. 37.10.250. COMPENSATION OF BOARD MEMBERS. Members of the  
18 board other than the commissioner of revenue receive an honorarium of  
19 \$400 for each day spent at a meeting of the board or at a meeting of a  
20 subcommittee of the board or at a public meeting as a representative  
21 of the board. Members of the board are entitled to per diem and  
22 travel allowances as provided for members of state boards and commis-  
23 sions under AS 39.20.180.

24 Sec. 37.10.260. STAFF. (a) The board shall employ an executive  
25 director. The executive director must be qualified by training and  
26 experience to manage, administer, and direct the investment of funds.  
27 The board shall fix the compensation of the executive director. The  
28 executive and administrative functions of the board are vested in the  
29 executive director who serves under the supervision of the board. The

1 executive director shall appoint employees of the corporation as  
2 necessary.

3 (b) The board shall appoint an investment director to serve  
4 under the executive director and to act as assistant director. How-  
5 ever, if the office of investment director is vacant, the executive  
6 director may temporarily designate the assistant director. The assis-  
7 tant director shall act in place of the executive director in the  
8 absence or disability of the executive director.

9 (c) The board shall adopt regulations that restrict the execu-  
10 tive director, investment directors, other officers, and employees  
11 from having financial interest, directly or indirectly, in firms or  
12 corporations that provide services to the corporation. Officers and  
13 employees of the corporation are subject to AS 39.52.

14 (d) The executive director and each investment director shall  
15 file a bond for the faithful performance of duties in the amount and  
16 with the sureties as required by the board.

17 (e) Officers and employees of the corporation are members of the  
18 exempt service under AS 39.25.110.

19 (f) A deed, contract, or other document that must be executed by  
20 or on behalf of the corporation shall be signed by the executive  
21 director.

22 Sec. 37.10.270. INSURANCE. The corporation shall protect  
23 trusted assets and its own assets, services, and employees by pur-  
24 chasing insurance or providing for self-insurance retentions in  
25 amounts recommended by the executive director and approved by the  
26 board to cover the acts, including fiduciary acts, errors, and  
27 omissions of its board members, officers, employees, and agents.  
28 Insurance shall protect the corporation and the state from liability  
29 to others and from loss of trusted assets and assets of the

1 corporation.

2           Sec. 37.10.280. EXEMPTION FROM TAXATION. The corporation and  
3 all properties at any time owned by it, managed by it, or held by it  
4 in trust, and the income from those activities, are exempt from all  
5 taxes and assessments in the state. All security instruments issued  
6 by the corporation and income from them are exempt from all taxes and  
7 assessments in the state, including transfer taxes.

8           Sec. 37.10.290. SURETY FOR DEPOSITS WITH BANKS. Banks, trust  
9 companies, savings banks, and other persons carrying on a banking  
10 business are authorized to give sureties to the corporation. The  
11 sureties shall be approved by the corporation to the effect that the  
12 banks or banking institutions shall faithfully keep and pay over to  
13 the order of or upon the warrant of the corporation or its authorized  
14 agent all money deposited with them by the corporation and agreed  
15 interest, at the times or upon the demands agreed on with the banks or  
16 banking institutions. In lieu of these sureties, a depository bank or  
17 other banking institution shall deposit with the corporation or its  
18 authorized agent or a trustee as collateral, securities approved by  
19 the corporation. The deposits of the corporation may be evidenced by  
20 agreements in the form and upon the terms and conditions that are  
21 agreed upon by the corporation and the depository banks or banking  
22 institutions.

23           Sec. 37.10.300. LIMITATIONS. The corporation may not engage in  
24 commercial banking activity or private trust activity. The corpora-  
25 tion may not act as a depository or trustee for a private person,  
26 association, or corporation. The corporation may not act as a lender  
27 to a private person, association, or corporation of money from any  
28 source except state funds under management by the corporation.

29           Sec. 37.10.310. LIABILITY. (a) Except with respect to a

1 written agreement authorized under (b) of this section, a liability  
2 incurred by the corporation shall be satisfied exclusively from the  
3 assets or revenue of the corporation and a creditor or other person  
4 may not have a right of action against the state because of a debt,  
5 obligation, or liability of the corporation. A liability of the  
6 corporation may not be satisfied from trust assets unless expressly  
7 authorized by law.

8 (b) Notwithstanding any other law to the contrary, the  
9 corporation may enter into a written agreement with a Federal Reserve  
10 Bank or the board of governors of the Federal Reserve System providing  
11 that, to the extent permitted by the contracts, trust agreements, or  
12 other fiduciary instruments between the corporation and the Federal  
13 Reserve System, the corporation's obligations shall be guaranteed by  
14 the state, and the state expressly waives all defenses of governmental  
15 immunity by and on behalf of the corporation and the state and the  
16 state expressly consents to sue and be sued in federal court or in any  
17 court of competent jurisdiction. However, this provision does not  
18 alter or affect the immunity accorded to state officials and employees  
19 under state law.

20 Sec. 37.10.399. DEFINITIONS. In AS 37.10.210 - 37.10.399,  
21 unless the context otherwise requires,

22 (1) "board" means the board of directors of the corpora-  
23 tion;

24 (2) "corporation" means the Alaska State Investment Corpo-  
25 ration.

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

27 (d) The commissioner of administration shall report to the board  
28 concerning the condition and administration of the system. The re-  
29 ports shall be distributed to the members of the system. The Alaska

1 State Investment Corporation [COMMISSIONER OF REVENUE] shall provide  
2 reports to the board on the condition and investment performance of  
3 the teachers' retirement trust fund and an annual external performance  
4 review.

5 \* Sec. 3. AS 14.25.180 is amended to read:

6 Sec. 14.25.180. MANAGEMENT AND INVESTMENT OF FUND. (a) The  
7 Alaska State Investment Corporation [COMMISSIONER OF REVENUE] is the  
8 [TREASURER OF THE SYSTEM AND THE] fiduciary of the fund. In managing  
9 the fund, the Alaska State Investment Corporation [COMMISSIONER OF  
10 REVENUE] shall

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

13 (2) determine the appropriate investment objectives for the  
14 fund;

15 (3) establish investment policies aimed at achieving the  
16 objectives; and

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

19 (b) The Alaska State Investment Corporation [COMMISSIONER OF  
20 REVENUE] may invest the fund on the basis of probable total rate of  
21 return without regard to the distinction between principal and income  
22 or to the generation of income.

23 (c) In carrying out investment duties under this chapter, the  
24 Alaska State Investment Corporation [COMMISSIONER OF REVENUE] has the  
25 same powers and duties in regard to the teacher's retirement trust  
26 fund as are provided in AS 37.10.071, except that the standard of  
27 prudence that the corporation [COMMISSIONER] must obey under AS 37.-  
28 10.071(c) shall be in regard to the management of large trust invest-  
29 ments rather than large investments.

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

2 (b) The Alaska State Investment Corporation [COMMISSIONER OF  
3 REVENUE] is the fiduciary of the trust fund and shall account for and  
4 invest the fund as set out in AS 37.14.110(c), 37.14.160, and 37.14.-  
5 170, except that the corporation [COMMISSIONER] shall report the  
6 condition and investment performance of the fund to the Board of  
7 Regents.

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

9 (c) The Alaska State Investment Corporation [COMMISSIONER OF  
10 REVENUE] is the [TREASURER OF THE SYSTEM AND THE] fiduciary of the  
11 fund and has the same powers and duties under this section in regard  
12 to the judicial retirement trust fund as are provided in AS 14.25.180.

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

14 (c) The Alaska State Investment Corporation [COMMISSIONER OF  
15 REVENUE] is the [TREASURER OF THE SYSTEM AND THE] fiduciary of the  
16 fund and has the same powers and duties under this section in regard  
17 to the fund as are provided under AS 14.25.180.

18 \* Sec. 7. AS 36.30.015 is amended by adding a new subsection to read:

19 (f) The board of directors of the Alaska State Investment Corpo-  
20 ration shall adopt procedures to govern the procurement of supplies,  
21 services, professional services, and construction. The procedures  
22 must

23 (1) reflect competitive principles and provide vendors  
24 reasonable and equitable opportunities to participate in the procure-  
25 ment process; and

26 (2) include procurement methods to meet emergency and  
27 extraordinary circumstances.

28 \* Sec. 8. AS 36.30.990(1) is amended to read:

29 (1) "agency"

1            (A) means a department, institution, board, commis-  
2 sion, division, authority, public corporation, the Alaska Pio-  
3 neers' Home, or other administrative unit of the executive branch  
4 of state government;

5            (B) does not include

6            (i) [, EXCEPT FOR] the University of Alaska;

7            (ii) [,] the Alaska State Housing Authority;

8            (iii) the [AND] Alaska Railroad Corporation;

9            (iv) the Alaska State Investment Corporation;

10           (v) [IT DOES NOT INCLUDE] a regional Native  
11 housing authority created under AS 18.55.996, or a regional  
12 electrical authority created under AS 18.57.020;

13 \* Sec. 9. AS 37.10.071 is amended to read:

14           Sec. 37.10.071. INVESTMENT POWERS AND DUTIES. (a) In making  
15 investments under this section, the fiduciary of a state fund [COMMI-  
16 SIONER OF REVENUE] shall

17           (1) act as official custodian of cash and investments by  
18 securing adequate and safe custodial facilities for them;

19           (2) receive all items of cash and investments;

20           (3) collect and deposit the principal of and income from  
21 owned or acquired investments;

22           (4) invest and reinvest the assets in accordance with this  
23 section;

24           (5) receive and spend appropriations to cover the cost of  
25 the exercise of duties under this section;

26           (6) exercise the powers of an owner with respect to the  
27 assets;

28           (7) perform all acts, not prohibited by this section,  
29 whether or not expressly authorized, that the fiduciary [COMMISSIONER]

1 considers necessary or proper in administering the assets;

2 (8) maintain accounting records in accordance with gener-  
3 ally accepted [INVESTMENT] accounting principles;

4 (9) engage an independent certified public accountant to  
5 conduct an annual audit of the financial condition and investment  
6 transactions;

7 (10) enter into and enforce contracts or agreements con-  
8 sidered necessary, convenient, or desirable for the investment pur-  
9 poses of this section; and

10 (11) when choosing to acquire or dispose of investments,  
11 secure competitive national or international market rates or prices,  
12 or the equivalence of those rates or prices in the judgment of the  
13 fiduciary [COMMISSIONER].

14 (b) Under this section, the fiduciary of a state fund or the  
15 fiduciary's [COMMISSIONER OR THE COMMISSIONER'S] designee may

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

20 (2) acquire or dispose of investments either directly,  
21 indirectly, or through investment pools or trusts, by competitive or  
22 negotiated agreements, contracts, or auctions, in public or private  
23 markets;

24 (3) concentrate or diversify investments as the fiduciary  
25 [COMMISSIONER] considers appropriate to increase the probable total  
26 rate of return or to decrease the overall exposure to potentially  
27 adverse market value risks;

28 (4) protect the market value or the rate of return of the  
29 investments by entering into forward agreements to buy or sell assets

1 at a future date as a hedge against existing held assets or as a  
2 precommitment of future cash flows;

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

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

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

11 (8) utilize consultants, advisors, custodians, investment  
12 services, and legal counsel for assistance in investment matters on  
13 either a continuing or a limited-term basis and with or without com-  
14 pensation;

15 (9) declare records to be confidential and exempt from  
16 AS 09.25.110 and 09.25.120 if the records contain information that  
17 discloses the particulars of the business or the affairs of a private  
18 enterprise, investor, borrower, advisor, consultant, counsel, or  
19 manager.

20 (c) In exercising investment, custodial, or depository powers or  
21 duties under this section, the fiduciary of a state fund [COM-  
22 SIONER] shall exercise the judgment and care under the circumstances  
23 then prevailing that an institutional investor of ordinary profession-  
24 al prudence, discretion, and intelligence exercises in managing large  
25 investments with consideration for the purpose of the fund, the in-  
26 vestment objectives, the continuing disposition of the fund's  
27 investments, and the probable safety of the capital as well as the  
28 probable investment returns.

29 (d) In exercising investment, custodial, or depository powers or

1 duties under this section, the fiduciary or the fiduciary's [COMMISS-  
2 SIONER OR A] designee [OF THE COMMISSIONER] is liable for a breach of  
3 a duty that is assigned or delegated under this section, or under  
4 AS 14.25.180, AS 14.40.400(b), AS 37.10.070, AS 37.14.110(c), 37.14.-  
5 160, 37.14.170, or AS 39.35.080. However, the fiduciary or the [COM-  
6 MISSIONER OR THE COMMISSIONER'S] designee is not liable for a breach  
7 of a duty that has been delegated to another person if the delegation  
8 is prudent under the applicable standard of prudence set out in  
9 statute or if the duty is assigned by law to another person, except to  
10 the extent that the fiduciary [COMMISSIONER] or designee

11 (1) knowingly participates [PARTICIPATE] in, or knowingly  
12 undertakes to conceal, an act or omission of another person, knowing  
13 that the act or omission is a breach of that person's duties under  
14 this chapter;

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

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

21 (e) The state shall defend and indemnify the fiduciary [COMMISS-  
22 SIONER] or an officer or employee of the state against liability under  
23 (d) of this section to the extent that the alleged act or omission was  
24 performed in good faith and was prudent under the applicable standard  
25 of prudence.

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

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

1                   (2) the Alaska State Investment Corporation for investments  
2 under AS 14.25.080; or

3                   (3) the person or body provided by law to manage the in-  
4 vestments, for investments not subject to AS 14.25.180 or AS 37.10.-  
5 070.

6 \* Sec. 10. AS 37.14.110(c) is amended to read:

7                   (c) The Alaska State Investment Corporation [COMMISSIONER OF  
8 REVENUE] shall account for the fund in accordance with generally  
9 accepted accounting principles and shall determine the net income of  
10 the fund [IN ACCORDANCE WITH INVESTMENT ACCOUNTING PRINCIPLES AND] in  
11 a manner that preserves the distinction between principal and income  
12 and that excludes capital gains or losses realized on principal. The  
13 principal of the fund and the capital gains or losses realized on  
14 principal shall be perpetually retained in the fund for investment  
15 purposes.

16 \* Sec. 11. AS 37.14.140 is amended to read:

17                   Sec. 37.14.140. UTILIZATION OF INCOME. The net income of the  
18 fund may not be appropriated for a purpose other than the support of  
19 the state public school program. The Alaska State Investment Corpo-  
20 ration [COMMISSIONER OF REVENUE] shall invest realized net income that  
21 has not been appropriated or that has been appropriated but not ex-  
22 pended until the income is appropriated and expended.

23 \* Sec. 12. AS 37.14.160 is amended to read:

24                   Sec. 37.14.160. DUTIES OF THE ALASKA STATE INVESTMENT CORPO-  
25 RATION [COMMISSIONER OF REVENUE]. The Alaska State Investment Corpo-  
26 ration [COMMISSIONER OF REVENUE] is the treasurer of the trust fund  
27 created in AS 37.14.110 and shall

28                   (1) exercise the powers and duties established in AS 14.-  
29 25.180(c);

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

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

5 (4) provide reports to the board established under AS 37.-  
6 14.120 on the condition and investment performance of the fund.

7 \* Sec. 13. AS 37.14.170 is amended to read:

8 Sec. 37.14.170. INVESTMENTS. The Alaska State Investment  
9 Corporation [COMMISSIONER OF REVENUE] is the fiduciary of the trust  
10 fund and shall invest the fund to provide increasing net income over  
11 long-term periods to the fund's income beneficiaries. The corporation  
12 [COMMISSIONER] may invest the money in the fund on the basis of proba-  
13 ble total rate of return to promote the long-term generation of in-  
14 come. In managing the trust fund, the corporation [COMMISSIONER]  
15 shall

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

18 (2) determine the appropriate investment objectives;

19 (3) establish investment policies to achieve the objec-  
20 tives; and

21 (4) act only in regard to the financial interests of the  
22 fund's beneficiaries.

23 \* Sec. 14. AS 37.14.200(c) is amended to read:

24 (c) The net income of the fund shall be determined by the Alaska  
25 State Investment Corporation [COMMISSIONER OF REVENUE] in accordance  
26 with generally accepted [INVESTMENT] accounting principles. However,  
27 the corporation shall preserve [AND IN A MANNER THAT PRESERVES] the  
28 distinction between principal and income.

29 \* Sec. 15. AS 37.14.210 is amended to read:

1           Sec. 37.14.210. POWERS AND DUTIES OF THE ALASKA STATE INVESTMENT  
2 CORPORATION [COMMISSIONER OF REVENUE]. The Alaska State Investment  
3 Corporation [COMMISSIONER OF REVENUE] is the fiduciary [TREASURER] of  
4 the fund and has the power and duty to:

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

8           (2) receive all items of cash and investments belonging to  
9 the fund;

10           (3) collect the principal and income from investments owned  
11 or acquired by the fund and deposit the amounts in separate principal  
12 and income accounts for the fund;

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

16           (5) exercise the powers of an owner with respect to the  
17 assets of the fund;

18           (6) maintain accounting records of the fund in accordance  
19 with generally accepted [INVESTMENT] accounting principles; however,  
20 the corporation shall preserve the [AND WITH] distinction between the  
21 principal and income accounts of the fund;

22           (7) engage an independent firm of certified public accoun-  
23 tants to annually audit the financial condition of the fund's invest-  
24 ments and investment transactions;

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

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

29           (10) do all acts, whether or not expressly authorized, that

1       the Alaska State Investment Corporation [COMMISSIONER OF REVENUE]  
2       considers necessary or proper in administering the assets of the fund.

3       \* Sec. 16. AS 39.30.095(d) is amended to read:

4               (d) If the commissioner of administration determines that there  
5       is more money in the fund than the amount needed to pay premiums or  
6       benefits for the current fiscal year, the surplus, or so much of it as  
7       the commissioner of administration considers advisable, may be in-  
8       vested by the Alaska State Investment Corporation [COMMISSIONER OF  
9       REVENUE] in the same manner as retirement funds are invested under  
10       AS 14.25.180.

11       \* Sec. 17. AS 39.25.110(11) is amended by adding a new subparagraph to  
12       read:

13               (G) Alaska State Investment Corporation;

14       \* Sec. 18. AS 39.30 is amended by adding a new section to read:

15               Sec. 39.30.175. INVESTMENT OF BENEFIT PROGRAM RECEIPTS. The  
16       Alaska State Investment Corporation is the fiduciary of the receipts  
17       of the employee benefits program established under AS 39.30.150 -  
18       39.30.180 and has the same powers and duties concerning the management  
19       and investment in regard to those receipts as are provided under  
20       AS 14.25.180.

21       \* Sec. 19. AS 39.35.020 is amended to read:

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

25               (1) maintain the accounts of the system;

26               (2) make payments for the various purposes specified;

27               (3) submit periodic reports or statements of account that  
28       are needed;

29               (4) issue a statement of account to an employee requesting

1 it showing the amount of the employee's contributions to the system;  
2 (5) as soon as possible after the close of each fiscal  
3 year, and not later than six months after the close of each fiscal  
4 year, send to the governor, the legislature, and the board an annual  
5 statement on the operations of the system containing  
6 (A) a balance sheet;  
7 (B) a statement of income and expenditures for the  
8 year;  
9 (C) a report on an actuarial valuation of its assets  
10 and liabilities;  
11 (D) a summary of assets held in the pension fund  
12 listed by the categories of investment, as provided by the Alaska  
13 State Investment Corporation [COMMISSIONER OF REVENUE];  
14 (E) other statistical financial data that are neces-  
15 sary for a proper understanding of the financial condition of the  
16 system and the result of its operations;  
17 (6) establish a public employees retirement trust fund in  
18 which the assets of the system shall be deposited and held;  
19 (7) engage an independent certified public accountant to  
20 conduct an annual audit of the system's accounts and the annual report  
21 of the system's financial condition and activity;  
22 (8) report to the board concerning the condition and admin-  
23 istration of the system and distribute the report to the members of  
24 the system.

25 \* Sec. 20. AS 39.35.080 is amended to read:

26 Sec. 39.35.080. DUTIES OF THE ALASKA STATE INVESTMENT  
27 CORPORATION [COMMISSIONER OF REVENUE]. The Alaska State Investment  
28 Corporation [COMMISSIONER OF REVENUE] is the [TREASURER OF THE SYSTEM  
29 AND THE] fiduciary of the fund. The corporation [COMMISSIONER] has the

1 same powers and duties established under this chapter in regard to the  
2 fund as are provided in AS 14.25.035(d) and 14.25.180.

3 \* Sec. 21. AS 39.45.030(a) is amended to read:

4 (a) The Alaska State Investment Corporation or the administrator  
5 of the [STATE OR] political subdivision deferred compensation program  
6 is authorized, subject to contracts with individual employees, to  
7 invest the funds held under a deferred compensation program in

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

10 (2) shares of or deposits in insured state or federal  
11 chartered credit unions in the state;

12 (3) shares of or deposits in insured state or federal  
13 chartered savings and loan associations in the state;

14 (4) deposits in insured mutual savings banks in the state;

15 (5) deposits in insured state and national banks in the  
16 state; and

17 (6) multi-employer trusts established for investment of  
18 deferred compensation assets of state and local governments.

19 \* Sec. 22. AS 39.50.200(b) is amended by adding a new paragraph to  
20 read:

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

22 \* Sec. 23. AS 44.25.020 is amended to read:

23 Sec. 44.25.020. DUTIES OF DEPARTMENT. The Department of Revenue  
24 shall

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

26 (2) collect, account for, have custody of, invest, and  
27 manage all state funds and all revenues of the state except revenues  
28 incidental to a program of licensing and regulation carried on by  
29 another state department and funds managed and invested by the Alaska

1        State Investment Corporation;

2                (3) register cattle brands;

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

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

7        \* Sec. 24. TRANSITION. All litigation, hearings, investigations, and  
8 other proceedings pending under a law amended or repealed by this Act, or  
9 in connection with functions transferred by this Act, continue in effect  
10 and may be continued and completed notwithstanding a transfer, amendment,  
11 or repeal provided for in this Act. Orders and regulations issued or  
12 adopted under authority of a law amended or repealed by this Act remain in  
13 effect for the term issued, or until revoked, vacated, or otherwise mod-  
14 ified under the provisions of this Act. All contracts, rights, liabilities  
15 and obligations created by or under a law amended or repealed by this Act,  
16 and in effect on the effective date of this Act, remain in effect notwith-  
17 standing this Act's taking effect. Records, equipment, and other property  
18 of agencies of the state whose functions are transferred under this Act  
19 shall be transferred commensurate with the provisions of this Act.

20        \* Sec. 25. The board of directors of the Alaska State Investment Corpo-  
21 ration may hold organisational meetings as soon as a quorum of the board  
22 has been appointed to or selected for the board.

23        \* Sec. 26. AS 37.10.210 and 37.10.230 - 37.10.399, enacted by sec. 1 of  
24 this Act, and sec. 25 of this Act take effect immediately under AS 01.-  
25 10.070(c).

26        \* Sec. 27. Except as provided in sec. 26 of this Act, this Act takes  
27 effect January 1, 1991.