

**CS FOR HOUSE BILL NO. 37 (STATE AFFAIRS)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION**

BY THE HOUSE STATE AFFAIRS COMMITTEE

**Offered: 2/19/91
Referred: Finance**

Sponsor(s): REPRESENTATIVES ULMER, Koponen, B.Davis, Davidson

A BILL

FOR AN ACT ENTITLED

1 "An Act establishing the Alaska State Pension Corporation; relating to management and
2 investment of state pension funds and other state funds; and providing for an effective
3 date."

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

5 * **Section 1. FINDINGS.** The legislature finds that after the Alaska State Pension Corporation has
6 been established and begun to manage the state pension funds, the state should develop a comprehensive
7 retirement organization. This organization should integrate the investment of pension funds with
8 retirement benefit administration responsibilities for all state related retirement systems, including the
9 Elected Public Officers Retirement System (former AS 39.37). Retirement benefit administration
10 responsibilities should be integrated into the corporation when prudent.

11 * **Sec. 2.** AS 37.10 is amended by adding new sections to read:

12 **ARTICLE 5. ALASKA STATE PENSION CORPORATION.**

13 **Sec. 37.10.210. ALASKA STATE PENSION CORPORATION.** (a) There is established
14 the Alaska State Pension Corporation. The corporation is a public corporation in the Department

1 of Revenue managed by a board of trustees. The purpose of the corporation is to provide
2 professional management and investment of state pension and benefits funds and of other state
3 funds upon agreement with the managers of those funds.

4 (b) The board consists of nine trustees. Four of the trustees shall be elected by the
5 members of the retirement systems. Nominations may be made by the teachers' retirement board,
6 the public employees' retirement board, or by petition signed by at least 10 persons eligible to
7 vote in the election. One of the elected trustees must be an active member of the public
8 employees' retirement system, one must be receiving a benefit from the public employees'
9 retirement system, one must be an active member of the teachers' retirement system, and one
10 must be receiving a benefit from the teachers' retirement system. A fifth elected member must
11 be an employee who is making contributions to the supplemental employee benefits system under
12 AS 39.30.150 - 39.30.180, and who is elected by employees making contributions to the
13 supplemental employee benefits system. Nominations for this position shall be made by petition
14 signed by at least 10 persons eligible to vote in that election. The division of retirement and
15 benefits in the Department of Administration shall conduct the elections for all the elected
16 positions. The governor shall appoint two trustees from a list of nominees submitted by
17 employers in the retirement systems. The governor shall appoint one additional trustee from a
18 list of nominees submitted by the other eight trustees. The commissioner of revenue serves as
19 a trustee.

20 (c) The appointed and elected trustees shall serve for staggered terms of four years and
21 may be reappointed or reelected to the board.

22 (d) The governor may remove an elected or appointed trustee for just cause, including
23 failure to comply with AS 37.10.230, by written notice to the trustee. After a trustee receives
24 written notice of removal from the governor, the trustee may not participate in board business
25 and may not be counted for purposes of establishing a quorum.

26 (e) A vacancy on the board of trustees shall be promptly filled in the same manner as
27 the seat was originally filled. A person filling a vacancy holds office for the balance of the
28 unexpired term of the person's predecessor. A vacancy on the board does not impair the
29 authority of a quorum of the board to exercise all the powers and perform all the duties of the
30 board.

31 (f) The board of trustees shall annually elect a chair from among its members.

1 (g) Five trustees constitute a quorum for the transaction of business and the exercise of
2 the powers and duties of the board.

3 (h) A trustee may not designate another person to serve on the board in the absence of
4 the trustee.

5 (i) Trustees shall participate in financial education training.

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

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

9 (2) establish investment policies for the funds for which it is responsible after
10 reviewing recommendations from the investment advisory council;

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

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

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

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

24 (b) The board may

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

27 (2) employ legal counsel;

28 (3) enter into an agreement with the manager of another state fund to assume
29 fiduciary, administrative, or management responsibilities for investing the other state fund;

30 (4) provide for actuarial valuations of the retirement systems and other entities
31 whose funds the board manages;

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

3 Sec. 37.10.230. CONFLICTS OF INTEREST. (a) Trustees, the executive director,
4 investment officers, and other fiduciaries who are employees of the corporation are subject to the
5 provisions of AS 39.50. The board may designate other employees who are also subject to the
6 provisions of AS 39.50.

7 (b) If a trustee, officer, or employee of the corporation acquires, owns, or controls an
8 interest, direct or indirect, in an entity or project in which assets under the control of the
9 corporation are invested, the trustee, officer, or employee shall immediately disclose the interest
10 to the board. The disclosure is a matter of public record and shall be included in the minutes
11 of the board meeting next following the disclosure. The board shall adopt regulations to restrict
12 trustees, officers, and employees from having a substantial interest in an entity or project in
13 which assets under the control of the corporation are invested.

14 (c) Failure to comply with the requirements of this section or regulations enacted under
15 it is grounds for termination of employment.

16 Sec. 37.10.240. REGULATIONS. The board may adopt regulations under the Admin-
17 istrative Procedure Act (AS 44.62) to implement AS 37.10.210 - 37.10.390.

18 Sec. 37.10.250. COMPENSATION OF TRUSTEES. Trustees, other than trustees who
19 are employees of the state or a political subdivision of the state, receive an honorarium of \$150
20 for each day spent at a meeting of the board or at a meeting of a subcommittee of the board or
21 at a public meeting as a representative of the board. Trustees who are state employees are
22 entitled to administrative leave for service as a trustee. Trustees who are employees of a political
23 subdivision of the state are entitled to leave benefits provided by their employers comparable to
24 those provided to state employees for service as a trustee. Trustees are entitled to per diem and
25 travel expenses authorized for boards and commissions under AS 39.20.180.

26 Sec. 37.10.260. STAFF. (a) The board shall employ an executive director. The
27 executive director must be qualified by training and experience to manage, administer, and direct
28 the investment of funds. The board shall fix the compensation of the executive director and other
29 employees. The executive, administrative, and investment functions of the board are vested in
30 the executive director who serves under the supervision of the board. With approval of the
31 board, the executive director may appoint employees of the corporation as necessary.

1 (b) The board shall adopt regulations that restrict the executive director, investment
2 directors, other officers, and employees from having financial interest, directly or indirectly, in
3 firms or corporations that provide services to the corporation. Officers and employees of the
4 corporation are subject to AS 39.52.

5 (c) The executive director and each investment director shall file a bond for the faithful
6 performance of duties in the amount and with the sureties as required by the board.

7 (d) Officers and employees of the corporation are members of the exempt service under
8 AS 39.25.110.

9 (e) A deed, contract, or other document that must be executed by or on behalf of the
10 corporation shall be signed by the executive director.

11 Sec. 37.10.270. INVESTMENT ADVISORY COUNCIL. (a) The board shall appoint
12 an investment advisory council composed of at least three and not more than five members.
13 Members of the council shall possess experience and expertise in financial investments and
14 portfolio management.

15 (b) Members of the council serve at the pleasure of the board for staggered terms of three
16 years.

17 (c) The board shall establish the compensation of members of the council. Members of
18 the council are entitled to per diem and travel expenses authorized for boards and commissions
19 under AS 39.20.180.

20 (d) The council shall

21 (1) review the investments made by the board;

22 (2) make recommendations to the board concerning the board's investment
23 policies, investment strategy, and investment procedures;

24 (3) advise the board on selection of performance consultants, auditors, and on the
25 form and content of annual reports;

26 (4) provide other advice as requested by the board.

27 (e) With approval of the board, the council may contract with other state agencies to
28 provide investment advice.

29 Sec. 37.10.280. INSURANCE. The corporation shall protect trustee assets and its own
30 assets, services, and employees by purchasing insurance or providing for self-insurance retention
31 in amounts recommended by the executive director and approved by the board to cover the acts,

1 including fiduciary acts, errors, and omissions of its board members, officers, employees, and
2 agents. Insurance must protect the corporation and the state from liability to others and from loss
3 of trusted assets and assets of the corporation.

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

15 Sec. 37.10.300. LIMITATIONS. The corporation may not engage in commercial banking
16 activity or private trust activity. The corporation may not act as a depository or trustee for a
17 private person, association, or corporation. The corporation may not act as a lender to a private
18 person, association, or corporation of money from any source except state funds under
19 management by the corporation.

20 Sec. 37.10.310. LIABILITY. A liability incurred by the corporation shall be satisfied
21 exclusively from the assets or revenue of the corporation and a creditor or other person may not
22 have a right of action against the state because of a debt, obligation, or liability of the
23 corporation. A liability of the corporation may not be satisfied from trust assets unless expressly
24 authorized by law.

25 Sec. 37.10.390. DEFINITIONS. In AS 37.10.210 - 37.10.390, unless the context
26 otherwise requires,

- 27 (1) "board" means the board of trustees of the corporation;
28 (2) "corporation" means the Alaska State Pension Corporation;
29 (3) "retirement systems" means the teachers' retirement system, the judicial
30 retirement system, the Alaska National Guard and Alaska Naval Militia retirement system, and
31 the public employees' retirement system.

1 * **Sec. 3.** AS 06.05.025 is amended by adding a new subsection to read:

2 (d) At the request of the board of trustees of the Alaska State Pension Corporation or of
3 the legislative auditor, the department shall make an examination of the corporation under this
4 section.

5 * **Sec. 4.** AS 14.25.035(d) is amended to read:

6 (d) The commissioner of administration shall report to the board concerning the condition
7 and administration of the system. The reports shall be distributed to the members of the system.
8 The Alaska State Pension Corporation [COMMISSIONER OF REVENUE] shall provide
9 reports to the board on the condition and investment performance of the teachers' retirement trust
10 fund including a summary of an annual external performance review.

11 * **Sec. 5.** AS 14.25.180 is amended to read:

12 Sec. 14.25.180. MANAGEMENT AND INVESTMENT OF FUND. (a) The Alaska
13 State Pension Corporation [COMMISSIONER OF REVENUE] is the [TREASURER OF THE
14 SYSTEM AND THE] fiduciary of the fund. In managing the fund, the Alaska State Pension
15 Corporation [COMMISSIONER OF REVENUE] shall

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

18 (2) determine the appropriate investment objectives for the fund;

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

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

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

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

29 * **Sec. 6.** AS 22.25.048(c) is amended to read:

30 (c) The Alaska State Pension Corporation [COMMISSIONER OF REVENUE] is the
31 [TREASURER OF THE SYSTEM AND THE] fiduciary of the fund and has the same powers

1 * **Sec. 3.** AS 06.05.025 is amended by adding a new subsection to read:

2 (d) At the request of the board of trustees of the Alaska State Pension Corporation or of
3 the legislative auditor, the department shall make an examination of the corporation under this
4 section.

5 * **Sec. 4.** AS 14.25.035(d) is amended to read:

6 (d) The commissioner of administration shall report to the board concerning the condition
7 and administration of the system. The reports shall be distributed to the members of the system.
8 The Alaska State Pension Corporation [COMMISSIONER OF REVENUE] shall provide
9 reports to the board on the condition and investment performance of the teachers' retirement trust
10 fund including a summary of an annual external performance review.

11 * **Sec. 5.** AS 14.25.180 is amended to read:

12 Sec. 14.25.180. MANAGEMENT AND INVESTMENT OF FUND. (a) The Alaska
13 State Pension Corporation [COMMISSIONER OF REVENUE] is the [TREASURER OF THE
14 SYSTEM AND THE] fiduciary of the fund. In managing the fund, the Alaska State Pension
15 Corporation [COMMISSIONER OF REVENUE] shall

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

18 (2) determine the appropriate investment objectives for the fund;

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

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

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

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

29 * **Sec. 6.** AS 22.25.048(c) is amended to read:

30 (c) The Alaska State Pension Corporation [COMMISSIONER OF REVENUE] is the
31 [TREASURER OF THE SYSTEM AND THE] fiduciary of the fund and has the same powers

1 and duties under this section in regard to the judicial retirement trust fund as are provided in
2 AS 14.25.180.

3 * Sec. 7. AS 26.05.228(c) is amended to read:

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

7 * Sec. 8. AS 36.30.850(b)(15) is amended to read:

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

12 * Sec. 9. AS 36.30.990(1) is amended to read:

13 (1) "agency"

14 (A) means a department, institution, board, commission, division,
15 authority, public corporation, the Alaska Pioneers' Home, or other administrative unit of
16 the executive branch of state government;

17 (B) does not include

18 (i) the University of Alaska;

19 (ii) the Alaska State Housing Authority;

20 (iii) the Alaska Railroad Corporation;

21 (iv) the Alaska Housing Finance Corporation;

22 (v) a regional Native housing authority created under
23 AS 18.55.996, or a regional electrical authority created under AS 18.57.020; or

24 (vi) the Alaska State Pension Corporation;

25 * Sec. 10. AS 37.10.071 is amended to read:

26 Sec. 37.10.071. INVESTMENT POWERS AND DUTIES. (a) In making investments
27 under this section, the fiduciary of a state fund [COMMISSIONER OF REVENUE] shall

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

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

31 (3) collect and deposit the principal of and income from owned or acquired

- 1 investments;
- 2 (4) invest and reinvest the assets in accordance with this section;
- 3 (5) receive and spend appropriations to cover the cost of the exercise of duties
4 under this section;
- 5 (6) exercise the powers of an owner with respect to the assets;
- 6 (7) perform all acts, not prohibited by this section, whether or not expressly
7 authorized, that the fiduciary [COMMISSIONER] considers necessary or proper in administering
8 the assets;
- 9 (8) maintain accounting records in accordance with generally accepted
10 [INVESTMENT] accounting principles;
- 11 (9) engage an independent certified public accountant to conduct an annual audit
12 of the financial condition and investment transactions;
- 13 (10) enter into and enforce contracts or agreements considered necessary,
14 convenient, or desirable for the investment purposes of this section; and
- 15 (11) when choosing to acquire or dispose of investments, secure competitive
16 national or international market rates or prices, or the equivalence of those rates or prices in the
17 judgment of the fiduciary [COMMISSIONER].
- 18 (b) Under this section, the fiduciary of a state fund or the fiduciary's
19 [COMMISSIONER OR THE COMMISSIONER'S] designee may
- 20 (1) delegate investment, custodial, or depository authority on a discretionary or
21 nondiscretionary basis to officers or employees of the state or to independent firms, banks, or
22 trust companies, by designation through appointments, contracts, or letters or authority;
- 23 (2) acquire or dispose of investments either directly, indirectly, or through
24 investment pools or trusts, by competitive or negotiated agreements, contracts, or auctions, in
25 public or private markets;
- 26 (3) concentrate or diversify investments as the fiduciary [COMMISSIONER]
27 considers appropriate to increase the probable total rate of return or to decrease the overall
28 exposure to potentially adverse market value risks;
- 29 (4) protect the market value or the rate of return of the investments by entering
30 into forward agreements to buy or sell assets at a future date as a hedge against existing held
31 assets or as a precommitment of future cash flows;

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

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

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

8 (8) utilize consultants, advisors, custodians, investment services, and legal counsel
9 for assistance in investment matters on either a continuing or a limited-term basis and with or
10 without compensation;

11 (9) declare records to be confidential and exempt from AS 09.25.110 and
12 09.25.120 if the records contain information that discloses the particulars of the business or the
13 affairs of a private enterprise, investor, borrower, advisor, consultant, counsel, or manager.

14 (c) In exercising investment, custodial, or depository powers or duties under this section,
15 the fiduciary of a state fund [COMMISSIONER] shall exercise the judgment and care under
16 the circumstances then prevailing that an institutional investor of ordinary professional prudence,
17 discretion, and intelligence exercises in managing large investments with consideration for the
18 purpose of the fund, the investment objectives, the continuing disposition of the fund's
19 investments, and the probable safety of the capital as well as the probable investment returns.
20 **With respect to the Alaska State Pension Corporation, the fiduciaries of the corporation**
21 **shall apply the prudent investor rule and exercise their fiduciary duty in the sole financial**
22 **best interest of the funds entrusted to them and of the beneficiaries of those funds. The**
23 **trustees may not make or authorize investment decisions or the voting of shares for a**
24 **purpose other than the sole financial best interest of the funds or beneficiaries.**

25 (d) In exercising investment, custodial, or depository powers or duties under this section,
26 the fiduciary or the fiduciary's [COMMISSIONER OR A] designee [OF THE
27 COMMISSIONER] is liable for a breach of a duty that is assigned or delegated under this
28 section, or under AS 14.25.180, AS 14.40.400(b), AS 37.10.070, AS 37.14.110(c), 37.14.160,
29 37.14.170, or AS 39.35.080. However, the fiduciary or the [COMMISSIONER OR THE
30 COMMISSIONER'S] designee is not liable for a breach of a duty that has been delegated to
31 another person if the delegation is prudent under the applicable standard of prudence set out in

1 statute or if the duty is assigned by law to another person, except to the extent that the fiduciary
2 [COMMISSIONER] or designee

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

6 (2) by failure to comply with this section in the administration of specific
7 responsibilities, enables another person to commit a breach of duty; or

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

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

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

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

19 (2) with respect to the Alaska State Pension Corporation, for investments
20 under AS 14.25.180,

21 (A) each trustee who serves on the corporation's board of directors;

22 (B) each officer of the corporation; and

23 (C) any other person who exercises control or authority with respect
24 to management or disposition of assets held by the corporation or who gives
25 investment advice to the corporation; or

26 (3) the person or body provided by law to manage the investments, for
27 investments not subject to AS 14.25.180 or AS 37.10.070.

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

29 (G) Alaska State Pension Corporation;

30 * Sec. 12. AS 39.30 is amended by adding a new section to read:

31 Sec. 39.30.175. INVESTMENT OF BENEFIT PROGRAM RECEIPTS. The Alaska State

1 Pension Corporation is the fiduciary of the receipts of the employee benefits program established
2 under AS 39.30.150 - 39.30.180 and has the powers and duties concerning the management and
3 investment in regard to those receipts that are provided under AS 14.25.180.

4 * Sec. 13. AS 39.35.020 is amended to read:

5 Sec. 39.35.020. ADMINISTRATION. The commissioner of administration is responsible
6 for the administration of the system and for carrying out this chapter. In addition the
7 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 are needed;
- 11 (4) issue a statement of account to an employee requesting it showing the amount
12 of the employee's contributions to the system;
- 13 (5) as soon as possible after the close of each fiscal year, and not later than six
14 months after the close of each fiscal year, send to the governor, the legislature, and the board an
15 annual statement on the operations of the system containing
 - 16 (A) a balance sheet;
 - 17 (B) a statement of income and expenditures for the year;
 - 18 (C) a report on an actuarial valuation of its assets and liabilities;
 - 19 (D) a summary of assets held in the pension fund listed by the categories
20 of investment, as provided by the Alaska State Pension Corporation [COMMISSIONER
21 OF REVENUE];
 - 22 (E) other statistical financial data that are necessary for a proper
23 understanding of the financial condition of the system and the result of its operations;
- 24 (6) establish a public employees retirement trust fund in which the assets of the
25 system shall be deposited and held;
- 26 (7) engage an independent certified public accountant to conduct an annual audit
27 of the system's accounts and the annual report of the system's financial condition and activity;
- 28 (8) report to the board concerning the condition and administration of the system
29 and distribute the report to the members of the system.

30 * Sec. 14. AS 39.35.080 is amended to read:

31 Sec. 39.35.080. DUTIES OF THE ALASKA STATE PENSION CORPORATION

1 [COMMISSIONER OF REVENUE]. The Alaska State Pension Corporation
2 [COMMISSIONER OF REVENUE] is the [TREASURER OF THE SYSTEM AND THE]
3 fiduciary of the fund. The corporation [COMMISSIONER] has the same powers and duties
4 established under this chapter in regard to the fund as are provided in AS 14.25.035(d) and
5 14.25.180.

6 * Sec. 15. AS 39.50.200(b) is amended by adding a new paragraph to read:

7 (52) Alaska State Pension Corporation (AS 37.10.210).

8 * Sec. 16. AS 44.25.020 is amended to read:

9 Sec. 44.25.020. DUTIES OF DEPARTMENT. The Department of Revenue shall

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

11 (2) collect, account for, have custody of, invest, and manage all state funds and
12 all revenues of the state except revenues incidental to a program of licensing and regulation
13 carried on by another state department and funds managed and invested by the Alaska State
14 Pension Corporation;

15 (3) register cattle brands;

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

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

20 * Sec. 17. TRANSITION. All litigation, hearings, investigations, and other proceedings pending
21 under a law amended or repealed by this Act, or in connection with functions transferred by this Act,
22 continue in effect and may be continued and completed notwithstanding a transfer, amendment, or repeal
23 provided for in this Act. Orders and regulations issued or adopted under authority of a law amended
24 or repealed by this Act remain in effect for the term issued, or until revoked, vacated, or otherwise
25 modified under the provisions of this Act. All contracts, rights, liabilities and obligations created by or
26 under a law amended or repealed by this Act, and in effect on the effective date of this Act, remain in
27 effect notwithstanding this Act's taking effect. Records, equipment, and other property of agencies of
28 the state whose functions are transferred under this Act shall be transferred commensurate with the
29 provisions of this Act.

30 * Sec. 18. ORGANIZATION OF TRUSTEES. (a) Notwithstanding AS 37.10.210(c), enacted by
31 sec. 2 of this Act, the initial terms of the members, other than the commissioner of revenue, of the board

1 of trustees of the Alaska State Pension Corporation shall be as follows:

2 (1) one elected member and one appointed member shall serve terms of four years;

3 (2) two elected members shall serve terms of three years;

4 (3) one elected member and one appointed member shall serve terms of two years;

5 (4) one elected member and one appointed member shall serve one-year terms.

6 (b) The board of trustees of the Alaska State Pension Corporation may hold organizational
7 meetings as soon as a quorum of the board has been appointed to or selected for the board.

8 * Sec. 19. AS 37.10.210 and 37.10.230 - 37.10.390, enacted by sec. 2 of this Act, and sec. 18 of this
9 Act take effect July 1, 1991.

10 * Sec. 20. Except as provided in sec. 19 of this Act, this Act takes effect on the earlier of July 1,
11 1992, or the date established by resolution of the board of trustees of the Alaska State Pension
12 Corporation for the transfer to it of securities and assets of the retirement and benefits funds. The board
13 shall promptly provide the revisor of statutes and the lieutenant governor with a copy of this resolution.