

CS FOR SPONSOR SUBSTITUTE FOR SENATE BILL NO. 18 (FINANCE)**IN THE LEGISLATURE OF THE STATE OF ALASKA****SEVENTEENTH LEGISLATURE - FIRST SESSION****BY THE SENATE FINANCE COMMITTEE****Offered: 2/22/91****Referred: Rules****Sponsor(s): SENATORS POURCHOT, Sturgulewski, Duncan, Collins****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.** AS 37.10 is amended by adding new sections to read:

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

7 **Sec. 37.10.210. ALASKA STATE PENSION CORPORATION.** (a) There is established
8 the Alaska State Pension Corporation. The corporation is a public corporation in the Department
9 of Revenue managed by a board of trustees. The purpose of the corporation is to provide
10 professional management and investment of state pension funds and of other state funds upon
11 agreement with the managers of those funds.

12 (b) The board consists of eight trustees. Four of the trustees shall be elected by the
13 members of the retirement systems. Nominations may be made by the teachers' retirement board,
14 the public employees' retirement board, or by petition signed by at least 10 persons eligible to

1 vote in the election. One of the elected trustees must be an active member of the public
2 employees' retirement system who is participating in the supplemental benefits program under
3 AS 39.30.150 - 39.30.180, one must be receiving a benefit from the public employees' retirement
4 system, one must be an active member of the teachers' retirement system, and one must be
5 receiving a benefit from a retirement system other than the public employees' retirement system.
6 The governor shall appoint two trustees from a list of nominees submitted by employers in the
7 retirement systems. The governor shall appoint one additional trustee from a list of nominees
8 submitted by the other seven trustees. The commissioner of revenue serves as a trustee.

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

11 (d) The governor may, by written notice to the trustee, remove an elected or appointed
12 trustee who cannot perform the normal duties associated with the trustee position due to mental
13 or physical incapacitation, who is convicted of a felony, who commits an act that under state law
14 constitutes a felony or a misdemeanor that is incompatible with service on the board, or who fails
15 to comply with AS 37.10.230. After a trustee receives written notice of removal from the
16 governor, the trustee may not participate in board business and may not be counted for purposes
17 of establishing a quorum.

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

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

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

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

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

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

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

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

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

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

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

13 (6) engage independent certified public accountants to prepare an annual audit of
14 each of the funds for which the corporation is responsible and to report to the board with the
15 results of the audit;

16 (7) advise the commissioner of administration concerning the investment of funds
17 held under the state deferred compensation program.

18 (b) The board may

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

21 (2) employ legal counsel;

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

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

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

30 (b) If a trustee, officer, or employee of the corporation acquires, owns, or controls an
31 interest, direct or indirect, in an entity or project in which assets under the control of the

1 corporation are invested, the trustee, officer, or employee shall immediately disclose the interest
2 to the board. The disclosure is a matter of public record and shall be included in the minutes
3 of the board meeting next following the disclosure. The board shall adopt regulations to restrict
4 trustees, officers, and employees from having a substantial interest in an entity or project in
5 which assets under the control of the corporation are invested.

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

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

10 Sec. 37.10.250. COMPENSATION OF TRUSTEES. Trustees, other than trustees who
11 are employees of the state or a political subdivision of the state, receive an honorarium of \$150
12 for each day spent at a meeting of the board or at a meeting of a subcommittee of the board or
13 at a public meeting as a representative of the board. Trustees who are state employees are
14 entitled to administrative leave for service as a trustee. Trustees who are employees of a political
15 subdivision of the state are entitled to leave benefits provided by their employers comparable to
16 those provided to state employees for service as a trustee. Trustees are entitled to per diem and
17 travel expenses authorized for boards and commissions under AS 39.20.180.

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

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

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

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

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

3 Sec. 37.10.270. INVESTMENT ADVISORY COUNCIL. (a) The board shall appoint
4 an investment advisory council composed of at least three and not more than five members.
5 Members of the council shall possess experience and expertise in financial investments and
6 management of investment portfolios for public, corporate, or union pension benefit funds,
7 foundations, or endowments.

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

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

13 (d) The council shall

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

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

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

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

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

22 Sec. 37.10.280. INSURANCE. The corporation shall protect trusteed assets and its own
23 assets, services, and employees by purchasing insurance or providing for self-insurance retention
24 in amounts recommended by the executive director and approved by the board to cover the acts,
25 including fiduciary acts, errors, and omissions of its board members, officers, employees, and
26 agents. Insurance must protect the corporation and the state from liability to others and from loss
27 of trusteed assets and assets of the corporation.

28 Sec. 37.10.290. EXEMPTION FROM TAXATION. The corporation and all properties
29 at any time owned by it, managed by it, or held by it in trust, and the income from those
30 activities, are exempt from all taxes and assessments in the state. All security instruments issued
31 by the corporation and income from them are exempt from all taxes and assessments in the state,

1 including transfer taxes.

2 Sec. 37.10.300. SURETY FOR DEPOSITS WITH BANKS. Banks, trust companies,
3 savings banks, other persons carrying on a banking business, and other financial institutions, are
4 authorized to give sureties to the corporation. The sureties shall be approved by the corporation
5 to the effect that the banks or financial institutions shall faithfully keep and pay over to the order
6 of or upon the warrant of the corporation or its authorized agent all money deposited with them
7 by the corporation and agreed interest, at the times or upon the demands agreed on with the
8 banks or financial institutions. In lieu of these sureties, a depository bank or other financial
9 institution shall deposit with the corporation or its authorized agent or a trustee as collateral,
10 securities approved by the corporation. The deposits of the corporation may be evidenced by
11 agreements in the form and upon the terms and conditions that are agreed upon by the
12 corporation and the depository banks or financial institutions.

13 Sec. 37.10.310. LIMITATIONS. The corporation may not engage in commercial banking
14 activity or private trust activity. The corporation may not act as a depository or trustee for a
15 private person, association, or corporation. The corporation may not act as a lender to a private
16 person, association, or corporation of money from any source except state funds under
17 management by the corporation.

18 Sec. 37.10.320. LIABILITY. A liability incurred by the corporation shall be satisfied
19 exclusively from the assets or revenue of the corporation and a creditor or other person may not
20 have a right of action against the state because of a debt, obligation, or liability of the
21 corporation. A liability of the corporation may not be satisfied from trust assets unless expressly
22 authorized by law.

23 Sec. 37.10.390. DEFINITIONS. In AS 37.10.210 - 37.10.390, unless the context
24 otherwise requires,

25 (1) "board" means the board of trustees of the corporation;

26 (2) "corporation" means the Alaska State Pension Corporation;

27 (3) "retirement systems" means the teachers' retirement system, the judicial
28 retirement system, the Alaska National Guard and Alaska Naval Militia retirement system, and
29 the public employees' retirement system.

30 * Sec. 2. AS 06.05.025 is amended by adding a new subsection to read:

31 (d) At the request of the board of trustees of the Alaska State Pension Corporation or of

1 the legislative auditor, the department shall make an examination of the corporation under this
2 section.

3 * Sec. 3. AS 14.25.035(d) is amended to read:

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

9 * Sec. 4. AS 14.25.180 is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11 (1) "agency"

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

15 (B) does not include

16 (i) the University of Alaska;

17 (ii) the Alaska State Housing Authority;

18 (iii) the Alaska Railroad Corporation;

19 (iv) the Alaska Housing Finance Corporation;

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

22 (vi) the Alaska State Pension Corporation;

23 * Sec. 9. AS 37.05.146 is amended to read:

24 Sec. 37.05.146. DEFINITION OF PROGRAM RECEIPTS. In AS 37.05.142 - 37.05.146
25 and AS 37.07.080 "program receipts" means fees, charges, income earned on assets, and other
26 state money received by a state agency in connection with the performance of its functions; all
27 program receipts except the following are general fund program receipts:

28 (1) federal receipts;

29 (2) University of Alaska receipts (AS 14.40.491);

30 (3) individual, foundation, or corporation gifts, grants, or bequests that by their
31 terms are restricted to a specific purpose;

1 (4) receipts of the following funds:

2 (A) highway working capital fund (AS 44.68.210);

3 (B) correctional industries fund (AS 33.32.020);

4 (C) loan funds;

5 (D) international airport revenue fund (AS 37.15.430);

6 (E) funds managed by the Alaska State Housing Authority (AS 18.55.020),
7 the Alaska Housing Finance Corporation (AS 18.56.020), the Medical Indemnity
8 Corporation of Alaska (AS 21.88.020), the Alaska Railroad Corporation (AS 42.40.010),
9 the Municipal Bond Bank Authority (AS 44.85.020), or the Alaska Industrial
10 Development and Export Authority (AS 44.88.020);

11 (F) fish and game fund (AS 16.05.100);

12 (G) school fund (AS 43.50.140);

13 (H) training and building fund (AS 23.20.130);

14 (I) retirement funds (AS 14.25, AS 22.25, AS 26.05.222, AS 39.35, and
15 former AS 39.37);

16 (J) permanent fund (art. IX, sec. 15, Alaska Constitution);

17 (K) public school trust (AS 37.14.110);

18 (L) second injury fund (AS 23.30.040);

19 (M) fishermen's fund (AS 23.35.060);

20 (N) FICA administration fund (AS 39.30.050);

21 (O) receipts of the employee benefits program established under
22 AS 39.30.150 - 39.30.180;

23 (P) receipts of the deferred compensation program established under
24 AS 39.45.

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,
- 22 financial institutions, or trust companies, by designation through appointments, contracts, or
- 23 letters or authority;
- 24 (2) acquire or dispose of investments either directly, indirectly, or through
- 25 investment pools or trusts, by competitive or negotiated agreements, contracts, or auctions, in
- 26 public or private markets;
- 27 (3) concentrate or diversify investments as the fiduciary [COMMISSIONER]
- 28 considers appropriate to increase the probable total rate of return or to decrease the overall
- 29 exposure to potentially adverse market value risks;
- 30 (4) protect the market value or the rate of return of the investments by entering
- 31 into forward agreements to buy or sell assets at a future date as a hedge against existing held

1 assets or as a precommitment of future cash flows;

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

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

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

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

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

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

26 (d) In exercising investment, custodial, or depository powers or duties under this section,
27 the fiduciary or the fiduciary's [COMMISSIONER OR A] designee [OF THE
28 COMMISSIONER] is liable for a breach of a duty that is assigned or delegated under this
29 section, or under AS 14.25.180, AS 14.40.400(b), AS 37.10.070, AS 37.14.110(c), 37.14.160, 37.-
30 14.170, or AS 39.35.080. However, the fiduciary or the [COMMISSIONER OR THE
31 COMMISSIONER'S] designee is not liable for a breach of a duty that has been delegated to

1 another person if the delegation is prudent under the applicable standard of prudence set out in
2 statute or if the duty is assigned by law to another person, except to the extent that the **fiduciary**
3 **[COMMISSIONER]** or designee

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

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

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

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

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

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

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

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

23 **(B) each officer of the corporation; and**

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

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

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

30 (G) Alaska State Pension Corporation;

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

1 Sec. 39.30.175. INVESTMENT OF BENEFIT PROGRAM RECEIPTS. The State
2 Pension Corporation is the fiduciary of the receipts of the employee benefits program established
3 under AS 39.30.150 - 39.30.180 and has the same powers and duties concerning the management
4 and investment in regard to those receipts as are provided under AS 14.25.180.

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

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

9 (1) maintain the accounts of the system;
10 (2) make payments for the various purposes specified;
11 (3) submit periodic reports or statements of account that are needed;
12 (4) issue a statement of account to an employee requesting it showing the amount
13 of the employee's contributions to the system;

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

17 (A) a balance sheet;
18 (B) a statement of income and expenditures for the year;
19 (C) a report on an actuarial valuation of its assets and liabilities;
20 (D) a summary of assets held in the pension fund listed by the categories
21 of investment, as provided by the Alaska State Pension Corporation [COMMISSIONER
22 OF REVENUE];

23 (E) other statistical financial data that are necessary for a proper
24 understanding of the financial condition of the system and the result of its operations;

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

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

29 (8) report to the board concerning the condition and administration of the system
30 and distribute the report to the members of the system.

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

1 Sec. 39.35.080. DUTIES OF THE ALASKA STATE PENSION CORPORATION
2 [COMMISSIONER OF REVENUE]. The Alaska State Pension Corporation
3 [COMMISSIONER OF REVENUE] is the [TREASURER OF THE SYSTEM AND THE]
4 fiduciary of the fund. The corporation [COMMISSIONER] has the same powers and duties
5 established under this chapter in regard to the fund as are provided in AS 14.25.035(d) and
6 14.25.180.

7 * Sec. 15. AS 39.45.030 is amended by adding a new subsection to read:

8 (c) Before investing the funds held under the state deferred compensation program, the
9 administrator of the program shall consult with the Alaska State Pension Corporation. The
10 commissioner shall reimburse the corporation for the cost of providing the advice.

11 * Sec. 16. AS 39.50.200(b) is amended by adding a new paragraph to read:

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

13 * Sec. 17. AS 44.25.020 is amended to read:

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

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

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

20 (3) register cattle brands;

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

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

25 * Sec. 18. TRANSITION. All litigation, hearings, investigations, and other proceedings pending
26 under a law amended or repealed by this Act, or in connection with functions transferred by this Act,
27 continue in effect and may be continued and completed notwithstanding a transfer, amendment, or repeal
28 provided for in this Act. Orders and regulations issued or adopted under authority of a law amended
29 or repealed by this Act remain in effect for the term issued, or until revoked, vacated, or otherwise
30 modified under the provisions of this Act. All contracts, rights, liabilities and obligations created by or
31 under a law amended or repealed by this Act, and in effect on the effective date set out in sec. 21 of this

1 Act, remain in effect notwithstanding this Act's taking effect. Records, equipment, and other property
2 of agencies of the state whose functions are transferred under this Act shall be transferred commensurate
3 with the provisions of this Act.

4 * Sec. 19. ORGANIZATION OF TRUSTEES. (a) Notwithstanding AS 37.10.210(c), enacted by
5 sec. 1 of this Act, the initial terms of the members, other than the commissioner of revenue, of the board
6 of trustees of the Alaska State Pension Corporation shall be as follows:

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

8 (2) one elected member shall serve a three-year term;

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

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

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

13 * Sec. 20. AS 37.10.210 and 37.10.230 - 37.10.390, enacted by sec. 1 of this Act, and sec. 19 of this
14 Act take effect July 1, 1991.

15 * Sec. 21. Except as provided in sec. 20 of this Act, this Act takes effect on the earlier of July 1,
16 1992, or the date established by resolution of the board of trustees of the Alaska State Pension
17 Corporation for the transfer to it of securities and assets of the retirement funds. The board shall
18 promptly provide the revisor of statutes and the lieutenant governor with a copy of this resolution.