

**CS FOR SENATE BILL NO. 182 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION**

BY THE SENATE FINANCE COMMITTEE

**Offered: 4/10/91
Referred: Rules**

Sponsor(s): SENATE COMMUNITY AND REGIONAL AFFAIRS COMMITTEE

A BILL

FOR AN ACT ENTITLED

**1 "An Act relating to investment pools for public entities; and providing for an effective
2 date."**

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

4 * Section 1. AS 37.25 is amended by adding a new section to read:

**5 Sec. 37.25.050. INVESTMENT POOLS FOR PUBLIC ENTITIES. (a) A public entity
6 may enter into agreements with other public entities regarding the formation and operation of
7 investment pools under which funds of the participating public entities are administered and
8 invested jointly. One or more public entities may form a nonprofit corporation for the purpose
9 of operating an investment pool. An agreement entered into under this section may provide for
10 the employment of staff and other matters necessary for the operation of the investment pool.
11 Each participating public entity is authorized to spend funds necessary for the operation of the
12 investment pool.**

**13 (b) The prudent investor rule shall be applied to investments made by investment pools
14 formed under this section. The prudent investor rule means that the investors shall exercise the**

1 judgment and care under the circumstances then prevailing that an institutional investor of
2 ordinary prudence, discretion, and intelligence exercises in the management of large investments
3 entrusted to it not in regard to speculation but in regard to the permanent disposition of funds,
4 considering the probable safety of capital as well as probable income.

5 (c) For purposes of this section, "public entity" means a subdivision of the state,
6 including a municipality, school district, or regional educational attendance area; or an
7 organization composed of public entities.

8 * Sec. 2. This Act takes effect immediately under AS 01.10.070(c).