

**HOUSE BILL NO. 373**

**IN THE LEGISLATURE OF THE STATE OF ALASKA**

**EIGHTEENTH LEGISLATURE - SECOND SESSION**

**BY THE HOUSE RULES COMMITTEE BY REQUEST OF THE LEGISLATIVE BUDGET AND  
AUDIT COMMITTEE**

**Introduced: 1/14/94**

**Referred: State Affairs, Finance**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to investments of the permanent fund involving equity interests  
2 in and debt obligations secured by mortgages on real estate; and providing for  
3 an effective date."

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

5 \* Section 1. AS 37.13.120(g)(16) is amended to read:

6 (16) equity interests in, and debt obligations secured by mortgages  
7 granting a first lien on, real estate improved by completed and substantially rented  
8 buildings and located in the United States [, IF THESE INVESTMENTS ARE MADE

9 (A) IN A CORPORATION, PARTNERSHIP, TRUST, OR  
10 OTHER ENTITY IN WHICH, AT THE CONCLUSION OF EACH  
11 INVESTMENT TRANSACTION, AT LEAST 60 PERCENT OF THE  
12 BENEFICIAL OWNERSHIP INTERESTS ARE HELD BY OTHER  
13 INSTITUTIONAL INVESTORS, AND WHICH IS ORGANIZED AND  
14 OPERATED FOR THE PURPOSE OF MAKING REAL ESTATE

1 INVESTMENTS BY A BANK, INSURANCE COMPANY, OR OTHER  
2 MANAGER OF INSTITUTIONAL FUNDS THAT HAS HAD AT LEAST  
3 FIVE YEARS OF EXPERIENCE IN THE MANAGEMENT OF REAL  
4 ESTATE INVESTMENTS OF INSTITUTIONAL INVESTORS; OR

5 (B) WITH CORPORATIONS, PARTNERSHIPS, TRUSTS, OR  
6 ENTITIES IN WHICH, AT THE CONCLUSION OF EACH INVESTMENT  
7 TRANSACTION, AT LEAST 60 PERCENT OF THE BENEFICIAL  
8 OWNERSHIP INTERESTS IN THE CO-INVESTING ENTITY OR ENTITIES  
9 AS A WHOLE ARE HELD BY INSTITUTIONAL INVESTORS, AND IF

10 (i) AT THE TIME OF INVESTMENT THE FUND  
11 HAS NO MORE THAN A 40 PERCENT BENEFICIAL OWNERSHIP  
12 INTEREST IN THE REAL ESTATE INVESTED IN AS A WHOLE;

13 (ii) THE RIGHTS AND OBLIGATIONS OF THE  
14 FUND ARE SUBSTANTIALLY SIMILAR TO THOSE OF THE  
15 OTHER INSTITUTIONAL INVESTORS, EXCEPT FOR THE  
16 PERCENTAGE INTEREST IN THE PROPERTY; AND

17 (iii) THE PROPERTY IS MANAGED AND  
18 OPERATED BY AN ENTITY THAT HAS HAD AT LEAST FIVE  
19 YEARS OF EXPERIENCE IN THE MANAGEMENT OF REAL  
20 ESTATE INVESTMENTS OF INSTITUTIONAL INVESTORS];

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