

**HB**

**321**

HFIN

FILE

# HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 18, 1998

FEATHER REVENUE

Date of Committee Action: 3/1/99

The FINANCE Committee

HOUSE BILL NO. 321

TRUST INVESTMENT ACT

"An Act relating to trusts, to the payment of fees, and to standards of care applicable to personal representatives, conservators, and trustees; and providing for an effective date."

with the following conditions:

HB 321

- additional referral to \_\_\_\_\_ Committee
- attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): \_\_\_\_\_ (Dept)

APPROVES PREVIOUS: \_\_\_\_\_ (Dept/Date)

fiscal note(s) \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) DCED 2/18/98

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Craig Theriault</i>	Theriault	X			
<i>Vicki Kohn</i>	Kohn	X			
<i>John Davis</i>	J. Davis			X	
<i>Ben Grussendorf</i>	Grussendorf	X			
<i>Wallace Moses</i>	Moses	X			
<i>Pete Kelly</i>	Kelly	✓			
<i>[Signature]</i>	Foster	X			

CHAIR'S SIGNATURE

*Craig Theriault*  
Theriault

# FISCAL NOTE

02-09-98P04:44 RCVD

**STATE OF ALASKA**  
**1998 LEGISLATIVE SESSION**

**BILL NO. HB321 (H) L&C**

Revision Date: \_\_\_\_\_  
 Title: Uniform Prudent Investor Act  
 Sponsor: Rep. Ryan  
 Requestor: House Labor and Commerce

Department: Commerce and Economic Development  
 BRU: Banking, Securities and Corporations  
 Component: Banking, Securities and Corporations  
 COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues	(Thousands of Dollars)					
OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGE IN REVENUES</b>	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE	(Thousands of Dollars)					
1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/Mental Health						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 98) cost: \$ 0.0

POSITIONS						
FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by: Willis F. Kirkpatrick, Director *Willis F. Kirkpatrick* Phone: 465-2521  
 Division: Banking, Securities and Corporations Date: 2-9-98  
 Approved by Commissioner: Deborah B. Sedwick *Deborah B. Sedwick* Date: 2-9-98  
 Agency: Commerce and Economic Development

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**  
 For further distribution information, call the Governor's Legislative Office

# FISCAL NOTE

No: 1

Bill Version: HB 321

(H) Publish Date: 2/18/98

STATE OF ALASKA  
1998 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_  
Title: Uniform Prudent Investor Act

Department: Commerce and Economic Development  
BRU: Banking, Securities and Corporations  
Component: Banking, Securities and Corporations

Sponsor: Rep. Ryan  
Requestor: House Labor and Commerce

COMPONENT SERIAL NO. \_\_\_\_\_

**Expenditures/Revenues**

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY02	FY 03	FY 04
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

<b>CAPITAL EXPENDITURES</b>	0.0	0.0	0.0	0.0	0.0	0.0
-----------------------------	-----	-----	-----	-----	-----	-----

<b>CHANGE IN REVENUES</b>	0.0	0.0	0.0	0.0	0.0	0.0
---------------------------	-----	-----	-----	-----	-----	-----

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund						
1005 GF/Program Receipts						
1006 GF/Mental Health						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY 98) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by: Willis F. Kirkpatrick, Director  
Division: Banking, Securities and Corporations  
Approved by Commissioner: Deborah B. Sedwick  
Agency: Commerce and Economic Development

Phone: 465-2521  
Date: 2-9-98  
Date: 2-9-98

**PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE**  
For further distribution information, call the Governor's Legislative Office

**COMMITTEE COPY**

**Alaska State Legislature**  
**House of Representatives**

COMMITTEE ASSIGNMENTS:

LABOR & COMMERCE  
MILITARY & VETERANS AFFAIRS  
COMMUNITY & REGIONAL AFFAIRS  
OIL & GAS



**Representative Joe Ryan**

1 800-922-3875

<http://www.akrepublicans.org>

INTERIM:

716 W. 4TH AVE.  
ANCHORAGE, AK 99501  
PHONE (907) 258-8161

SESSION:

STATE CAPITOL  
ROOM 420  
JUNEAU, AK 99801-1182  
PHONE (907) 465-3875

## **SPONSOR STATEMENT for HB 321**

The Uniform Prudent Investor Act reverses common law rules that restrict the investment powers of trustees. The new act requires a trustee to invest as a prudent investor would, using reasonable care, skill and caution in light of the objectives and risk tolerance of the individual trust. Diversification of assets is an obligation. Trustees can delegate investment responsibilities to experts. Within the scope of these powers and duties, trustees can choose to invest in any kind of asset that meets the objective of the specific trust.

# UNIFORM PRUDENT INVESTOR ACT

## - A SUMMARY -

Trustees of trusts and like fiduciaries have been subject to rules severely restricting the types of investment modalities in which they can invest the assets of the trusts that they administer and manage. Interest-bearing instruments — safe income — of limited kinds (no junk bonds) are the limit of risk permitted or thought to be permitted under the traditional rules. Protect the paper value of the principal at all costs is the mandate for trustees. In addition, a trustee's performance is rated by the performance of each and every investment, singly, and not on the performance of the whole of the portfolio. And trustees have been precluded from obtaining professional investment help.

The result for trusts is modest income production at best without regard for the erosion of a trust's assets by inflation. Can it be that these rules miscalculate the real risk and actually jeopardize the assets of a trust rather than provide for their protection?

The answer is yes. And a remedy is now at hand in the Uniform Prudent Investor Act (UPIA), promulgated by the Uniform Law Commissioners in 1994. The adoption of this act by the state legislatures will correct the rules, based on false and damaging premises, that now govern the actions of trustees.

By no means does UPIA turn trustees into unrestrained speculators. It provides rules governing investment that, in fact, result in greater protection for the trust's assets while providing a prospect of better income. UPIA does not encourage irresponsible, speculative behavior, but requires careful assessment of investment goals, careful analysis of risk versus return, and diversification of assets to protect them. It gives the trustee the tools to accomplish these ends. UPIA requires trustees to become devotees of "modern portfolio theory" and to invest as a prudent investor would invest "considering the purposes, terms, distribution requirements, and other circumstances of the trust" using "reasonable care, skill, and caution."

The trustee has a list of factors which must be considered in making investment decisions, including "general economic conditions," "possible effect of inflation or deflation," "the expected total return from income and the appreciation of capital," and "other resources of the beneficiaries." The trustee must take tax consequences of investment decisions into account. There is a positive obligation to diversify assets "unless the trustee reasonably determines that, because of special circumstances, the purposes of the trust are better served without diversifying." The trustee's obligations are significant, requiring sophisticated approaches to investment that really take into account the right risk-to-return ratio for the particular trust.

In addition, a trustee's performance in UPIA is measured by the performance of all the assets together. A loss with respect to a single asset does not mean that the trustee has violated his or her fiduciary responsibilities. The act takes the truly holistic approach to investment practices.

In return for these obligations, UPLA removes any restrictions upon the types of investment modalities which may be chosen in a trust's portfolio. It is quite possible, for example, to hold positions in high-interest bonds (junk bonds) or mutual funds investing in such bonds, in a diversified portfolio, if such an investment meets the needs of the particular trust in light of the risk/return analysis specific to that trust.

One of the boons to trustees of smaller trusts is the ability to invest in mutual funds. Mutual funds reduce investment risk by diversifying their portfolios. By using mutual funds, a trustee of a trust that does not have a large enough corpus to effectively diversify its assets can enhance diversification of the trust's portfolio to limit the trust's risk of loss.

UPLA also permits the trustee to delegate investment and management functions "that a prudent trustee of comparable skills could properly delegate under the circumstances." Careful selection of the agent and careful, periodic review of the agent's actions are part of the trustee's responsibility when delegating authority. An agent has a responsibility of reasonable care in conducting the delegated business of the trust.

Why is it that the prudent man rule of prior law may, in fact, jeopardize the assets in a trust? Some of the instruments in which trustees have been able to invest have become more volatile in price. Treasury bonds, for example, long thought to be safe investments, now fluctuate considerably in value with the fluctuation of interest rates. The former so-called safe investment may not be so safe anymore. In contrast, common stocks have shown consistently better returns over the years than bonds — yet trustees have been prevented from investing in common stocks. Stocks have been historically safer investments, therefore, in diversified portfolios than bonds have been. Trusts have been deprived of return at some greater risk by the antiquated rules that govern investment of their assets.

By far the most insidious damage to trust assets comes from inflation. If trustees cannot invest in modalities that exceed the rate of inflation in return, the inevitable result is diminution of the corpus of the trusts they manage. The beneficiaries of trusts so restricted lose in all ways, both with respect to income and principal.

The UPLA provides rules that can be modified or waived in the trust agreement. Any person who wishes to put property in trust and who wants to provide different standards of conduct for the trustee is permitted to do so under UPLA.

UPLA provides a reasonable approach to the investment of trust assets that better meets the needs of beneficiaries while preserving trust assets. It should become the law in every state as soon as possible.

---

*Founded in 1892, the National Conference of Commissioners on Uniform State Laws is a confederation of state commissioners on uniform laws. Its membership is comprised of 300 practicing lawyers, judges, and law professors who are appointed by each of the 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands to draft uniform and model state laws and work toward their enactment.*

---

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX: (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 403  
Juneau, Alaska 99801-2105

## MEMORANDUM

February 9, 1998

**SUBJECT:** Sectional Summary (HB 321)

**TO:** Representative Joe Ryan

**FROM:** Tamara Brandt Cook  
Director *TBC*

Here is the sectional summary you requested for a bill dealing with trusts based on the Uniform Prudent Investor Act of the National Conference of Commissioners on Uniform State Laws.

**Secs. 1 and 2.** Correct a cross-reference to a statute repealed in this bill.

**Sec. 3.** Adds a new article -- the Uniform Prudent Investor Act.

**Sec. 13.36.200.** Requires a trustee to comply with the prudent investor rule and permits the rule to be expanded, restricted, eliminated, or altered by the provisions of a trust.

**Sec. 13.36.205.** Requires a trustee to manage assets by considering the purposes, terms, distribution requirements, and other circumstances of the trust. Lists specific circumstances that a trustee must consider. Requires a trustee to make a reasonable effort to verify facts relevant to management of trust assets. A trustee with special skills has a duty to use those skills.

**Sec. 13.36.210.** Requires diversification of investments, unless the purposes of the trust are better served without diversifying.

**Sec. 13.36.215.** Requires a trustee to review a trust and make decisions regarding assets within a reasonable time after accepting a trusteeship or receiving the assets.

**Sec. 13.36.220.** Requires a trustee to manage assets solely in the interest of the beneficiaries.

**Sec. 13.36.225.** Requires a trustee to act impartially if a trust has two or more beneficiaries.

**Sec. 13.36.230.** A trustee may only incur costs that are reasonable in managing a trust.

**Sec. 13.36.235.** Compliance with the prudent investor rule is determined in light of the facts existing at the time of the trustee's decision or action.

**Sec. 13.36.240.** A trustee may delegate investment and management functions, but the trustee must exercise care, skill and caution in selecting an agent, establishing the terms of the delegation, and reviewing the agent's actions.

Representative Joe Ryan  
February 9, 1998  
Page 2

**Sec. 13.36.260.** Certain general phrases that may appear in a trust invoke the standards of this article.

**Sec. 13.36.265.** The new article applies to trusts existing on and created after the effective date of those sections, but, as applied to existing trusts, the article governs only decisions or actions that occur after the effective date.

**Sec. 13.36.270.** The new article is to construed to make uniform the law among the states that adopt a Uniform Prudent Investor Act.

**Sec. 13.36.275.** The short title is the Uniform Prudent Investor Act.

**Sec. 4.** The existing statute dealing with a trustee's standard of care is repealed.

**Sec. 5.** Immediate effective date.

TBC:glc  
98-070.glc

A Few Facts About  
THE UNIFORM PRUDENT INVESTOR ACT

**PURPOSE:** This act removes much of the common law restriction upon the investment authority of trustees of trusts and like fiduciaries. It allows such fiduciaries to utilize modern portfolio theory to guide investment decisions. A fiduciary's performance is measured on the performance of the whole portfolio, not upon the performance of each investment singly. The act allows the fiduciary to delegate investment decisions to qualified and supervised agents. It requires sophisticated risk-return analysis to guide investment decisions.

**ORIGIN:** Completed by the Uniform Law Commissioners in 1994.

**ENDORSED BY:** American Bar Association  
American Bankers Association

**STATE  
ADOPTIONS:**

Arizona	New Jersey *
Arkansas *	New Mexico
California	North Dakota *
Colorado	Oklahoma
Connecticut *	Oregon
Idaho *	Rhode Island
Maine	Utah
Minnesota	Washington
Missouri	West Virginia
Nebraska	

1997  
**INTRODUCTIONS:**

District of Columbia	Iowa
Hawaii	Massachusetts
Indiana	Mississippi
	Vermont

# Investment Legislation Governing Trusts and Foundations (by State)

As of November, 1997

A model Uniform Prudent Investor Act ("UPIA") was promulgated by the National Conference of Commissioners on Uniform State Laws in 1994 and recommended for enactment by the states. The UPIA allows trustees and similar fiduciaries to employ modern portfolio theory to guide investment decisions, and evaluates a fiduciary's conduct based on a strategy for the total portfolio, rather than on the selection of individual assets. In addition, the UPIA makes the following alterations in the former criteria for fiduciary investment: (A) the tradeoff between risk and return is identified as the fiduciary's central investment consideration; (B) categorical restrictions on types of investments have been abrogated; (C) the concept that fiduciaries should diversify portfolio investments has been integrated into the definition of prudence; (D) the much criticized rule of trust law forbidding the trustee to delegate investment and management functions has been reversed (some jurisdictions impose notice requirements not mandated by the UPIA); and (E) the trustee may be relieved from liability for acts of the agent, if certain requirements are met.

It should be noted that charitable foundations and private trusts are subject to similar investment rules. The UPIA is applicable to foundations organized in trust form. Charitable corporations, on the other hand, are governed in many jurisdictions by the Uniform Management of Institutional Funds Act ("UMIFA"). The far right column of the chart indicates whether a state has adopted UMIFA.

The chart at the right shows the states that have adopted the UPIA, or substantial portions thereof, as of this publication. Additionally, many other states are identified that now require a total portfolio approach to investment management, but which do not otherwise have provisions resembling the UPIA. If a state has no total portfolio statute, the chart makes no representation regarding whether that state's laws contain any other provision resembling the UPIA.

State	Uniform Prudent Inv. Act (or most UPIA provisions) Effective Date	Total Portfolio Statutes (minimal UPIA provisions) Effective Date	Authority
Alabama		5/16/89	Ala. Code §
Alaska			
Arizona	7/20/96		Ariz. Rev. St.
Arkansas	3/31/97		Act 940 of
California	1/1/96		Cal. Prob. C
Colorado	7/1/95		Colo. Rev. S
Connecticut	6/2/97		Public Act 3
Delaware		7/3/86	Del. Code §
Dist. of Columbia		2/1/95	D.C. Super.
Florida	10/1/93		Fla. Stat. An
Georgia		1/1/90	Ga. Code An
Hawaii	4/14/97		30 Hawaii I
Idaho	7/1/95		Idaho Code
Illinois	1/1/96		760 Ill. Cor
Indiana			
Iowa		4/22/91	Iowa Code
Kansas	7/1/90		Kan. Stat. A
Kentucky		7/15/96	Kent. Rev. S
Louisiana			
Maine	1/1/97		Me. Rev. St
Maryland	10/1/96		Md. Est. &
Massachusetts			
Michigan			
Minnesota	1/1/97		Minn. Stat.
Mississippi			
Missouri	8/28/96		Mo. Ann. S
Montana		10/1/89	Mont. Coc
Nebraska	4/2/97		Legislative
Nevada		4/17/89	Nev. Rev. S
New Hampshire			
New Jersey	3/7/97		N.J. Stat. A
New Mexico	7/1/95		N.M. Stat.
New York	1/1/95		N.Y. Est., I
North Carolina			
North Dakota	8/1/97		N.D. Cent
Ohio			
Oklahoma	11/1/95		Okla. Stat.
Oregon	9/9/95		Or. Rev. St
Pennsylvania			
Rhode Island	8/6/96		R.I. Stat. §
South Carolina		6/5/90	S.C. Code
South Dakota	7/1/95		S.D. Code
Tennessee		7/1/89	Tenn. Cox
Texas		6/16/91	Tex. Prop
Utah	7/1/95		Utah Cod
Vermont			
Virginia	4/6/92		Va. Code
Washington	7/23/95		Wash. Re
West Virginia	7/1/96		W. Va. C.
Wisconsin			
Wyoming			



## WHY STATES SHOULD ADOPT THE UNIFORM PRUDENT INVESTOR ACT

The Uniform Prudent Investor Act reverses common law rules that restrict the investment powers of trustees. The new act requires a trustee to invest as a prudent investor would, using reasonable care, skill and caution in light of the objectives and risk tolerance of the individual trust. Diversification of assets is an obligation. Trustees can delegate investment responsibilities to experts. Within the scope of these powers and duties, trustees can choose to invest in any kind of asset that meets the objective of the specific trust.

What are the specific advantages of the Uniform Prudent Investor Act?

1. Trusts are likely to achieve a better return for beneficiaries than is the case under the common law rules.
2. Trustees can protect the trust corpus better through diversification of assets than is the case under the common law rules.
3. Trustees can invest to counter the effects of inflation, something that the common rules do not allow.
4. A trustee no longer is forced to rely upon his or her own knowledge and expertise, but can acquire investment services to enhance his or her own knowledge and skill.
5. Trustees can take into account the changing character and kinds of assets available for investment, free of archaic restrictions.
6. Trustees are judged on overall performance of the assets in a trust, rather than on the performance of specific assets.
7. The specific needs of each trust can be taken into account in devising investment strategy, rather than be subordinate to generic investment rules treating all trusts as the same.
8. The Act will provide uniformity of law, necessary in an interstate investment environment.

JOINT EDITORIAL BOARD FOR UNIFORM PROBATE CODE

**Uniform  
Law  
Commissioners**

**CLARK A. GRAVEL**  
P.O. Box 369  
76 St. Paul St.  
Burlington, VT 05402  
802/458-6220  
Fax 802/458-1456

**JOHN H. LANGRISH**  
Yale Law School  
P.O. Box 308215  
New Haven, CT 06520  
203/432-7299  
Fax 203/432-1100

**ROBERT A. STEIN**  
American Bar Association  
730 N. Lake Shore Drive  
Chicago, IL 60611  
312/988-5225  
Fax 312/988-5151

**American  
Bar  
Association**

**JACOBSON M. BRUCE, JR.**  
100 E. Wisconsin Ave.  
Milwaukee, WI 53202-4108  
414/277-4560  
Fax 414/277-0654

**EDWARD C. HALBACH, JR.**  
Univ. of California  
School of Law  
Boalt Hall  
Berkeley, CA 94720  
510/842-1829  
Fax 510/842-4171

**MALCOLM A. MOORE, Chair**  
2600 Century Square  
1501 Fourth Ave.  
Seattle, WA 98101  
206/422-3150  
Fax 206/428-7040

**American College  
of Trust and  
Estate Counsel**

**CHARLES A. COLLIER, JR.**  
Suite 800  
1800 Avenue of the Stars  
Los Angeles, CA 90067  
310/277-1010  
Fax 310/283-7199

**JOE C. FOSTER, JR.**  
1900 Michigan National Tower  
Lansing, MI 48232  
517/377-0063  
Fax 517/482-0027

**RAYMOND B. YOUNG**  
26th Floor  
150 Federal St.  
Boston, MA 02110  
617/737-0006  
Fax 617/737-0650

**State Courts and  
Law School Teachers  
Liaisons**

**JAMES R. WADE**  
Suite 400  
360 S. Monroe St.  
Denver, CO 80209  
303/321-0653  
Fax 303/320-7501

**MARY LOUISE FELLOWS**  
Univ. of Minnesota Law School  
330 Law Center  
Minneapolis, MN 55455  
612/626-4264  
Fax 612/625-2011

**SUGENK H. SOLES**  
Univ. of Oregon Law School  
1101 Kincaid St.  
Eugene, OR 97403  
541/346-3802  
Fax 541/346-1564

**Executive Director**

**RICHARD V. WELLMAN**  
Univ. of Georgia  
School of Law  
Athens, GA 30602  
706/542-3174  
Fax 706/542-7404  
E-mail: wellman@jll.lawr.h.sgs.edu

**Director of Research**

**LAWRENCE W. WAGGONER**  
Univ. of Michigan Law School  
625 S. State St.  
Ann Arbor, MI 48109-1215  
313/763-2506 Fax: 313/764-4389  
E-mail: waggoner@umia.h.onr

**Reporter**

**DAVID M. ENGLISH**  
Santa Clara Univ.  
School of Law  
Santa Clara, CA 95053  
408/554-5412  
Fax 408/554-4026

February 10, 1998

Reply Address: University of Georgia  
School of Law  
Athens, GA 30602-6012

Arthur H. Peterson, Esq.  
Dillon & Findley  
The Ebner Bldg.  
350 North Franklin St.  
Juneau, AK 99801

Dear Art,

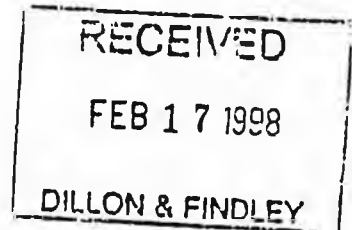
Your letter of February 2 and enclosures was on my desk when I returned today following three days in Chicago for a drafting committee meeting.

I agree that the adjustments in the Probate Code that are included in the Uniform Prudent Investor Act bill are appropriate. I am delighted that Alaska appears to be about to enact the Uniform Prudent Investor Act.

Hope you are fine. We are.

Cheers,

*Jack*



LAW OFFICES

# DILLON & FINDLEY

A PROFESSIONAL CORPORATION

## JUNEAU

Dennis C. Bailey  
Caroline Crenna  
Paul L. Dillon  
Thomas W. Findley  
Devon P. Groves  
Richard D. Monkman  
Arthur H. Peterson  
Peter K. Putzer  
~~Paralegal~~  
Teri Heucher  
~~Firm Administrator~~  
Melanie E. Mickelson

The Ebner Building  
350 North Franklin Street  
Juneau, Alaska 99801  
Telephone (907) 586-4000  
Facsimile (907) 586-3777

## ANCHORAGE

Ray R. Brown  
Mauri Long  
Kristen D. Pettonen  
Paralegal  
M. Bernita Raymond

510 L Street, Suite 603  
Anchorage, Alaska 99501  
Telephone (907) 277-5400  
Facsimile (907) 277-9896

February 2, 1998

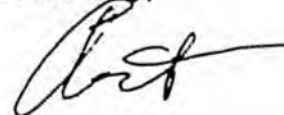
Professor Richard V. Wellman  
University of Georgia  
School of Law  
Athens, GA 30602

Re: Uniform Prudent Investor Act

Dear Dick:

You will find enclosed a copy of our House Bill 321, proposing enactment of the Uniform Prudent Investor Act, and my January 30, 1998 letter to the sponsor regarding it. The drafter in our Legislative Affairs Agency added a couple of amendments to the Uniform Probate Code, which do not appear in the official NCCUSL version. My quick glance at them indicates that they are okay, as mentioned in my letter to the sponsor. What do you think?

Yours truly,



Arthur H. Peterson  
Uniform Law Commissioner  
for Alaska

Enclosure

AHP/ph

LAW OFFICES

# DILLON & FINDLEY

A PROFESSIONAL CORPORATION

## JUNEAU

Dennis C. Bailey  
Caroline Crenna  
Paul L. Dillon  
Thomas W. Findley  
Devon P. Groves  
Richard D. Monkman  
Arthur H. Peterson  
Peter K. Pauter  
Paralegal  
Ten Houschur  
Firm Administrator  
Melanie E. Mickelson

The Ebner Building  
350 North Franklin Street  
Juneau, Alaska 99801  
Telephone (907) 586-4000  
Facsimile (907) 586-3777

February 19, 1998

## ANCHORAGE

Ray R. Brown  
Mauri Long  
Kristen D. Pettersen  
Paralegal  
M. Benita Raymond

510 L Street, Suite 603  
Anchorage, Alaska 99501  
Telephone (907) 277-5400  
Facsimile (907) 277-9896

Honorable Norman Rokeberg, Chair  
House Labor & Commerce Committee  
Alaska State Legislature  
Room 24-A, M/S 3100  
Juneau, Alaska 99801-1182

**HAND DELIVERED**

Re: House Bill 321, Uniform Prudent Investor Act

Dear Representative Rokeberg:

I understand that HB 321, proposing enactment of the Uniform Prudent Investor Act, is in your committee. I support this measure, urge you to schedule it for an early hearing, and urge a "Do Pass" recommendation from your committee.

You will find enclosed a copy of my January 30, 1998 letter to the sponsor, Representative Joe Ryan, along with my February 2, 1998 letter to Professor Richard Wellman, the nation's preeminent authority on the Uniform Probate Code (and a uniform law commissioner from Georgia). Also attached is Professor Wellman's February 10 reply to me, expressing his agreement with the modifications that HB 321 makes in the Uniform Probate Code. He also supports our enactment of the Uniform Prudent Investor Act.

Thanks for considering these comments and the attachments, and I hope that we can get this bill enacted this year.

Yours truly,



Arthur H. Peterson  
Uniform Law Commissioner  
for Alaska

Enclosures (3)

cc w/Wellman corresp.:  
Representative Joe Ryan  
Rest of Alaska's ULC Delegation