

HB

81

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred to Committee: February 12, 1998

FURTHER REFERRALS:

Date of Committee Action: 5/1/98

The FINANCE Committee considered:

HB 81

HOUSE BILL NO. 81

PERMANENT FUND BOARD MEMBERS & STAFF

"An Act relating to the members of the board and staff of the Alaska Permanent Fund Corporation."

recommends it be replaced with the following committee substitute CSHB 81 (Fin) the same title a new title

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) HFC for PFDC zero fiscal note(s) op 1, 2/12/98

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<u>Gene Therriault</u> Therriault				X
<u>Edon Muller</u> Muller	✓			
<u>Harry Martin</u> Martin			X	
<u>Viggo Kohring</u> Kohring	X			
<u>John Davies</u> Davies	X			
<u>Ben Gussendorf</u> Gussendorf	X			
<u>Charles Moses</u> Moses			X	
<u>Tommy Davis</u> Davis			X	
<u>Pat Kelly</u> Kelly			✓	

CHAIR'S SIGNATURE Gene Therriault

FISCAL NOTE

Bill Version: HB 81

(H) Publish Date: 2/12/98

**STATE OF ALASKA
1998 LEGISLATIVE SESSION**

Revision Date _____ Dept. Affected Office of the Governor
 Title "An Act relating to the members of the board
and staff of the Alaska Permanent Fund Corporation." BRU Executive Operations
 Component Executive Office
 Sponsor Representative James
 Requester House State Affairs Component Serial No. 6

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						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estim. any current year (FY98) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill would not have a fiscal impact on the Office of the Governor.

Prepared by Michael A. Nizich, Administrative Director Phone 465-3876
 Division Administrative Services Date 2/2/98
 Approved by Jim Ayers, Chief of Staff Date 2/2/98
 Agency Office of the Governor

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

FISCAL NOTE

STATE OF ALASKA
1998 LEGISLATIVE SESSION

BILL NO. CSHB 81 (FIN)

Revision Date: _____
 Title: An Act relating to the members of the board and staff of the
Alaska Permanent Fund Corporation
 Sponsor: Representative James
 Requester: _____

Dept. Affected Alaska Permanent Fund Corp.
 BRU _____
 Component Alaska Permanent Fund Corp.
 Component Serial No. 109

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
-----------------------------	--	--	--	--	--	--

CHANGE IN REVENUES ()						
-------------------------------	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1091 Designated Program Receipts						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY97) cost: _____

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by Mark Hanley
 Rep. Mark Hanley, Co-Chair House Finance Committee

Gene Therriault
 Rep. Gene Therriault, Co-Chair House Finance Committee

Phone 465-4933
 Phone 465-4797
 Date 5/1/98

AMENDMENT

4

A docted

AS amended

OFFERED IN THE HOUSE

BY

DANIELS

TO: HB 81

Page 1, line 4, delete through page 2, line 7.

Page 2, line 9, following "a"

Delete "public"

Page 2, line 9, following "office"

Delete "only"

Page 2, line 10:

Delete "for cause"

Page 2, line 11, following "removal."

Insert "A removal by the Governor must be in writing and must state the reason for the removal; the reason ~~should~~^{may} not be based on the general decision to have the governor's own appointments on the board. ~~The governor may not request a member of the board to submit a resignation.~~"

Page 2, line 13, following "governor."

Delete through line 26

Page 3, line 5, delete through line 14.

fm 3
5/1/98
Sec 4: 6 only NO OBJ

HOUSE BILL NO. 81

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTIETH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE JAMES

Introduced: 1/22/97

Referred: State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the members of the board and staff of the Alaska
2 Permanent Fund Corporation."

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

4 * **Section 1.** AS 37.13.050(a) is amended to read:

5 (a) The Board of Trustees of the Alaska Permanent Fund Corporation consists
6 of seven [SIX] members appointed by the governor. Two of the members must be
7 heads of principal departments of state government, one of whom shall be the
8 commissioner of revenue. Five [FOUR] members shall be appointed by the governor
9 from the public and may not hold any other state or federal office, position, or
10 employment, either elective or appointive, except as a member of the armed forces of
11 either the United States or of this state.

12 * **Sec. 2.** AS 37.13.050(b) is amended to read:

13 (b) The [FOUR] public members of the board must have recognized
14 competence and wide experience in finance, investments, or other business

1 management-related fields, and at least one of the public members must have
2 recognized competence and experience in investment portfolio management.

3 * Sec. 3. AS 37.13.060 is amended to read:

4 **Sec. 37.13.060. Term of office.** The public members of the board shall be
5 appointed for terms of four years, and they may be reappointed. The terms of the
6 public members shall be staggered so that the terms of no more than two [ONE
7 TERM OF A] public ~~members expire~~ [MEMBER EXPIRES] each year.

8 * Sec. 4. AS 37.13.070(a) is amended to read:

9 (a) The governor may remove a public member of the board from office only
10 for cause. A removal by the governor must be in writing and must state the reason
11 for the removal. A member who is removed by the governor may not participate in
12 board business and may not be counted for purposes of establishing a quorum after the
13 member receives written notice of removal from the governor. In this subsection,
14 "cause" means

15 (1) incompetency, which is the inability or the unintentional or
16 intentional failure to perform the duties of the trustee; or

17 (2) misfeasance or malfeasance in office, which includes the failure
18 of the trustee to exercise prudent judgment in the affairs of the corporation or
19 intentionally taking action for reasons other than the financial best interest of the
20 corporation.

21 * Sec. 5. AS 37.13 is amended by adding a new section to read:

22 **Sec. 37.13.075. Limitations on governor.** (a) The governor shall base the
23 decision to appoint a board member solely on the financial best interest of the fund.

24 (b) The governor may not influence or attempt to influence the board to make
25 an investment decision that violates prudent investment principles.

26 (c) Violation of this section constitutes a violation of AS 39.52.

27 * Sec. 6. AS 37.13.100 is amended to read:

28 **Sec. 37.13.100. Corporation staff.** The board may employ and determine the
29 salary of an executive director. The executive director may, with the approval of the
30 board, select and employ additional staff as necessary. The executive director and
31 other employees with investment responsibilities serve at the pleasure of the

Then
>
of
Bill

SET
OFFICIALS
ST
P

1 board, except that the board may enter into employment contracts that do not
2 exceed two years' duration. An employee of the corporation, including the executive
3 director, may not be a member of the board. The executive director and the other
4 employees of the board are in the exempt service under AS 39.25.

5 * Sec. 7. AS 37.13.120(a) is amended to read:

6 (a) The prudent-investor rule shall be applied by the board in the management
7 and investment of fund assets. The prudent-investor rule as applied to investments of
8 the fund means that, in making investments, the board shall exercise the judgment and
9 care under the circumstances then prevailing that an institutional investor of ordinary
10 prudence, discretion, and intelligence exercises in the management of large investments
11 entrusted to it not in regard to speculation but in regard to the permanent disposition
12 of funds, considering probable safety of capital as well as probable income. Each
13 board member has a fiduciary duty to the fund, and each member shall perform
14 official actions solely in accordance with that duty.

withdrawn 5/1/98 am

AMENDMENT

1

OFFERED IN THE HOUSE

BY

DAVIES

TO: HB 81

Page 2, line 19, following "the"

Delete "financial"

Page 2

Delete lines 21 - 26

Page 3, line 14, following "actions"

Delete "solely"

Withdrawn 5/1/98 am

#2

A M E N D M E N T

OFFERED IN THE HOUSE

BY DAVIES

TO HB 8!

Page 2, line 2:

Delete "experience"

Insert "expertise"

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to the members of the board and staff of the BRU: Alaska Permanent Fund Corporation
Alaska Permanent Fund Corporation Component: Alaska Permanent Fund Corporation
 Sponsor: Representative James
 Requestor: State Affairs, Finance COMPONENT SERIAL NO. 109

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL	20.7	21.0	21.4	21.7	22.1	22.5
CONTRACTUAL	2.4	2.5	2.6	2.7	2.8	2.9
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	23.1	23.5	24.0	24.4	24.9	25.4
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1007 GF/Mental Health						
Other	23.1	23.5	24.0	24.4	24.9	25.4
TOTAL	0.0	23.5	24.0	24.4	24.9	25.4

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

- * This fiscal note assumes implementation on July 1, 1998 and projects costs associated with increasing the number of trustee public members from four to five.
- * Travel assumes five trips per year in-state and two trips per year out-of-state.
- * Transportation and lodging costs are assumed to increase at a rate of 4% per year; per diem and honorarium costs remain constant.
- * Contractual includes registration fees at two out-of-state seminars; costs are assumed to increase at a rate of 4% per year.
- * Other Fund Source: Corporate Receipts.

Prepared by: Byron I. Mallott, Executive Director Phone: (907) 465-2047
 Division: Alaska Permanent Fund Corporation Date: February 17, 1998
 Approved by Commissioner: Wilson L. Condon Date: _____
 Agency: Revenue

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

For further distribution information call the Governor's Legislative Office

Revision Date: _____ Dept. Affected: Revenue
 Title: An Act relating to the members of the board and staff of the BRU: Alaska Permanent Fund Corporation
Alaska Permanent Fund Corporation Component: Alaska Permanent Fund Corporation
 Sponsor: Representative James
 Requestor: State Affairs, Finance COMPONENT SERIAL NO. 109

Expenditures/Revenues: (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES						
TRAVEL	20.7	21.0	21.4	21.7	22.1	22.5
CONTRACTUAL	2.4	2.5	2.6	2.7	2.8	2.9
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	23.1	23.5	24.0	24.4	24.9	25.4
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other	23.1	23.5	24.0	24.4	24.9	25.4
TOTAL	0.0	23.5	24.0	24.4	24.9	25.4

Estimate of any current year (FY97) cost \$ 0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

- This fiscal note assumes implementation on July 1, 1998 and projects costs associated with increasing the number of trustee public members from four to five.
- Travel assumes five trips per year in-state and two trips per year out-of-state.
- Transportation and lodging costs are assumed to increase at a rate of 4% per year, per diem and honorarium costs remain constant.
- Contractual includes registration fees at two out-of-state seminars; costs are assumed to increase at a rate of 4% per year.
- Other Fund Source: Corporate Receipts.

Prepared by: Byron I. Mallott, Executive Director Phone: (907) 465-2047
 Division: Alaska Permanent Fund Corporation Date: February 17, 1998
 Approved by Commissioner: Wilson L. Condon Date: _____
 Agency: Revenue

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

HOUSE COMMITTEE REPORT

2-12-98
Finance

(7)
Date Referred to Committee: January 22, 1997

FURTHER REFERRALS:

Date of Committee Action: 2/12/98

The STATE AFFAIRS Committee considered:

HB 81

HOUSE BILL NO. 81

PERMANENT FUND BOARD MEMBERS & STAFF

"An Act relating to the members of the board and staff of the Alaska Permanent Fund Corporation."

recommends it be replaced with the following committee substitute _____ the same title a new title

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) GOV _____ zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>Frank...</i> Dyson	✓			
<i>...</i> Kezey			✓	
<i>...</i> Hodgins			✓	
<i>...</i> Ivan			✓	
	(1)		(3)	

Vice
CHAIR'S SIGNATURE *...*
Ivan

JEANNETTE JAMES

House Of Representatives

Lamenting the tremendous turnover in the top management of the Alaska Permanent Fund with both the Knowles and Hickel Administrations, HB 81 is designed to take the politics out of the Permanent Fund Board of Directors appointment process.

House Bill 81, "An Act relating to the members of the board and staff of the Alaska Permanent Fund Corporation." is designed to create continuity within the board by restricting *any* Governor's ability to remove board members without cause and creating staggered terms.

Presently the members serve at the pleasure of the Governor, HB 81 allows the Governor to replace members only for cause. The staggered term provision allows for continuity.

Governor Knowles vetoed similar legislation passed in the Nineteenth Legislature, disregarding a resolution from the Permanent Fund's Board urging him not to do so.

With the Fund breaching \$20 billion, it's in the States best interest to protect the fund from the political whims of changing administrations.

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

TONY KNOWLES, GOVERNOR

P.O. BOX 110300
JUNEAU, ALASKA 99811-0300
PHONE: (907) 465-3600
FAX: (907) 465-2078

June 10, 1996

Honorable Tony Knowles
Governor
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Re: HCS CSSB 89(FIN) -- Relating to
the board and staff of the
Permanent Fund Corporation
Our file 883-96-0072

Dear Governor Knowles:

At your legislative office's request on your behalf, we have reviewed HCS CSSB 89(FIN), a bill relating to the board and staff of the Permanent Fund Corporation.

Section 1 of the bill would increase the number of members on the board from six to seven, by adding another public member appointed by the governor. Section 2 of the bill would require that at least one public member have "recognized competence and experience in investment portfolio management." Section 3 of the bill makes a technical change to conform to the increase in the number of public members. Section 4 of the bill would allow the governor to remove a public member only for cause, and defines cause as either incompetency or misfeasance or malfeasance in office. Section 5 of the bill would require the governor to base the decision to appoint a board member solely on the best financial interest of the fund, would prohibit the governor from attempting to influence the board to make an investment decision that violates prudent investment principles, and would make a violation of this section a violation of the executive branch ethics act (AS 39.52). Section 6 would provide that the fund executive director, and other fund employees with investment responsibilities, serve at the pleasure of the board, but would allow the board to enter into employment contracts with these employees that do not exceed two years in duration. Finally, sec. 7 of the bill would specify that each board member has a fiduciary duty to the fund, and must perform official actions solely in accordance with that duty.

As we indicated in testimony before the legislature, we believe that section 4 of this bill may violate your appointment power under art. III, sec. 26 of the Alaska Constitution, by making the

Hon. Tony Knowles, Governor
Our file: 883-96-0072

June 10, 1996
Page 2

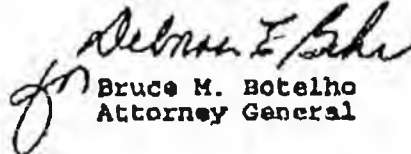
public members removable only for cause.¹ We have previously discussed this appointment power question in our review of the 1991 bill which would have established the Alaska State Pension Investment Board, and which also contained a removal-for-cause provision.² See 1991 Inf. Op. Att'y Gen. 311 (883-91-0071; June 11). What we said there is equally applicable here:

The removal-for-cause provision may constitute a usurpation of the executive power of appointment. The ability to remove an appointee is an incident of the power of the appointment. The governor's ability to assure that appointees remain faithful to his or her philosophies and programs is preserved when appointees may be removed at the governor's pleasure. Article III of the Alaska Constitution specifically authorizes the legislature to provide for the removal of members of regulatory and quasi-judicial boards and commissions. Alaska Const., art. III, sec. 26. There is no other specific grant of power to the legislature to prescribe grounds for removal for other agencies governed by a board. Because the corporation is not a regulatory or quasi-judicial agency, the legislature lacks the power to restrict the governor's removal power in the manner set out in this bill.

Id. at 312.

We find no other constitutional or legal problems with the bill.

Sincerely,


Bruce M. Botelho
Attorney General

¹ Comments by certain legislators indicated to us that this provision was included in lieu of a legislative confirmation requirement, which art. III, sec. 26 of the Alaska Constitution would not allow. Under that section, confirmation power is limited to those boards and commissions at the head of a principal department (such as the Board of Education) and those with regulatory or quasi-judicial powers. The board of the Permanent Fund Corporation is neither type of board. And the Alaska Supreme Court ruled in *Bradner v. Hammond*, 353 P.2d 1 (Alaska 1975), that the legislature could not confer confirmation power upon itself beyond that specified in the constitution.

² That bill was vetoed by Governor Hickel, at our recommendation, because of numerous legal problems. A better bill establishing the investment board became law the next year.



Alaska Permanent Fund Corporation
P.O. Box 25500 Juneau, Alaska 99802-5500
(907) 466-2047

June 10, 1996

The Honorable Tony Knowles
Governor, State of Alaska
State Capitol
Juneau, Alaska 99801

Dear Governor Knowles:

The Board of Trustees recommends that you allow Senate Bill 89 to become law. There are two principal reasons why the Board supports this legislation:

- the bill would assure Board continuity, making for a more experienced and capable Board over the long term; and
- the addition of a seventh member would enhance the overall expertise of the Board of Trustees.

Thank you for your consideration.

Sincerely,

Grace Berg Schaible

c: Board of Trustees
Byron I. Mallott, Executive Director



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

June 14, 1996

The Honorable Drue Pearce
President of the Senate
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear President Pearce:

Under authority of art. II, sec. 15, of the Alaska Constitution, I have vetoed the following bill:

House CS for CS for Senate Bill 89(FIN)

"An Act relating to the members of the board and staff
of the Alaska Permanent Fund Corporation."

I have taken this action out of a strongly held belief that the trustees of the Alaska Permanent Fund Corporation must be answerable to Alaskans for the decisions they make in managing over \$18 billion of public money. This bill, among other things, would change existing law by making trustees removable only for very specific causes. Under existing law, the board serves at the pleasure of the governor and must answer to the governor for management decisions. The governor, in turn, must answer to the voters for the governor's stewardship of the Alaska Permanent Fund. It is in this very basic way that the Alaska Permanent Fund Corporation will remain responsive to the will of the people.

Sincerely,

A handwritten signature in cursive script that reads "Tony Knowles".

Tony Knowles
Governor

January 6, 1995

Mr. Carl F. Brady, Jr.
2100 Atwood Drive
Anchorage, AK 99517

Dear Mr. Brady:

Under the authority vested in me by AS 57.13.070(a) you are removed from the Board of Trustees of the Alaska Permanent Fund Corporation.

I am removing you because, as Governor, I am answerable to the people of Alaska if the Board of Trustees fails to measure up to their expectations. If I am answerable to the people, I must be confident that the existing board will carry out its statutory duties consistent with my philosophy of government. As for the existing board, I am not confident that it will act in a manner consistent with my philosophy. For this reason, your removal will take effect at noon on January 6, 1994.

Thank you for your past service and dedication. I wish you every success in your future endeavors.

Sincerely,

Tony Knowles
Governor

Walter J. Hickel

Box 101700
Anchorage, Alaska 99510-1700
Telephone 907-343-2400
Fax 907-343-2211
Email inorth@alaska.net

March 3, 1998

FAX 465-2381

*The Honorable Jeanette James
Alaska State Representative
State Capitol, Room 102
Juneau, AK 99801-1182*

Dear Jeanette,

I support your effort to provide greater continuity to the Board of the Alaska Permanent Fund. Your bills (HR50 and HB81) establish staggered terms for public members and a requirement that those members be removed only for cause.

This approach seems to have worked well with other boards where the success depends on maintaining a long-term strategy. The Permanent Fund's investments usually require a multiple year investment strategy. Your bills do not unduly limit a Governor's power--in fact, they may increase a Governor's effectiveness.

The Permanent Fund is a commonly owned asset created from the wealth of other commonly owned assets. It is important that Alaska as an "owner state" manage these assets professionally and for the benefit of the total.

With best regards.

Sincerely,


Walter J. Hickel

Valdez Dock Company

P.O. BOX 527

VALDEZ, ALASKA 99685

PH: (907) 836-4337

FAX: (907) 836-3866

January 30, 1997

The Honorable Jeannette James
Representative, House of
Representatives
State Capitol, Room No. 102
Juneau, Alaska 99801-1182

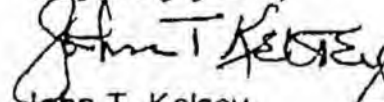
Dear Representative James:

This refers to your House Bill No. 81 relative to the Alaska Permanent Fund Board of Directors appointment process.

I wish to advise, as a past Chairman of subject board, I am in total support of your bill. The problems presented to new board members in the matter of "learning the system" and becoming comfortable with making important decisions of major proportions affect almost all citizens of the State of Alaska. Further, making major decisions without proper education on the operation of such a large fund could be damaging to future earnings that might very well impact budget considerations in the twenty-first century. Removing all board members, or even a majority of them, and appointing new members is unfair to those newly seated and could well adversely affect the state.

For the good of the State of Alaska and its citizenry, I urge the legislature to pass this bill.

Very truly yours,


John T. Kelsey